ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE
VIRTUAL MEETING
DATE: SEPTEMBER 3, 2020
TIME: 6:30-8:30 P.M.

DRAFT AGENDA

1.	Introductions and Chair remarks (Chair)	6:30 p.m.
2.	Consideration of North Potomac Yard Affordable Housing Plan (Tamara Jovovic/Cathy Puskar) *Action Request: Review and Vote on Affordable Housing Plan*	6:35 p.m.
3.	Consideration of Loan Application for Landmark Towers (Helen McIlvaine/Celia Gondor) *Action Request: Review and Vote on Application*	6:45 p.m.
4.	Consideration of Predevelopment Loan Application for Parkview II (Helen McIlvaine/Shelley Murphy) *Action Request: Review and Vote on Application*	7:00 p.m.
5.	Consideration of Predevelopment Loan Application for Arlandria Project (Helen McIlvaine/Jon Frederick) *Action Request: Review and Vote on Application*	7:15 p.m.
6.	Consideration of Predevelopment Loan Application for Seminary Road Project (Helen McIlvaine/Jon Frederick) *Action Request: Review and Vote on Application*	7:30 p.m.
7.	Presentation and Discussion Regarding Proposed Enhanced Tenant Protections (Melodie Seau/Helen McIlvaine)	7:45 p.m.
8.	AHAAC Annual Report (Tamara Jovovic/Julia Santure) *Action Request: Review and Vote to Submit Report to City Council*	7:55 p.m.
9.	Chair Election (All)	8:00 p.m.
10.	ARHA Update (Carter Flemming)	8:05 p.m.
11.	Staff Updates (Staff)	8:10 p.m.
12.	Information Items: Financial Report Housing Master Plan Progress Report	8:20 p.m.
13.	Announcements and Upcoming Housing Meetings (Staff)	8:25 p.m.

Landlord-Tenant Relations Board Virtual Meeting
Wednesday, September 2, 7:00 p.m.

Housing Contributions Workgroup
Planning Commission Worksession
September 1, 2020, 5:30 p.m.

City Council Worksession
September 22, 2020, 6:00 p.m.

Stakeholder Group
TBD

Adjournment (Chair) 8:30 p.m.

Due to the COVID-19 Pandemic emergency, the September 3, 2020 meeting of the Alexandria Housing Affordability Advisory Committee is being held electronically pursuant to Virginia Code Section 2.2-3708.2(A)(3) and/or the Continuity of Government ordinance adopted by the City Council on April 18, 2020. All of the members of the Committee and staff are participating from remote locations through a Zoom video conference. The meeting can be accessed live by the public through Zoom at the following link, https://zoom.us/webinar/register/WN_pv6GavcPThqlXHI2GZX3cg; or dial in number, 301-715-8592; Webinar ID: 964 7801 0599; Passcode: 415142. Public comment will be received at the meeting. A recording of the meeting will be posted at alexandriava.gov/74631.

City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 28, 2020

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF A $2.5 MILLION CAPITAL IMPROVEMENT LOAN TO LANDMARK TOWERS, LLC TO PRESERVE MARKET AFFORDABILITY AND SECURE A RIGHT OF FIRST REFUSAL

ISSUE: Provision of a $2.5 million capital improvement loan to Landmark Towers, LLC, a 154-unit mixed-use rental property in exchange for long term compliance with the City's voluntary rent guidelines, provision of a right of first refusal in the event of a future sale, and a commitment to jointly explore potential redevelopment opportunities, if mutually beneficial, to add committed affordable and workforce units.

RECOMMENDATION: That AHAAC recommend that City Council approve a loan of $2.5 million to Landmark Towers, LLC for capital improvements, contingent on preservation of its long term market affordability and provision of a right of first refusal in the event of its future sale, as well as potential joint exploration of redevelopment options to increase affordable and workforce rental housing onsite.

BACKGROUND: Representatives of Landmark Towers, LLC, located at 101 South Whiting Street and across Duke Street from Landmark Mall, contacted the Office of Housing last Fall seeking resources to help facilitate its 10-year capital improvement plan (Attachment 1). The 16-story building, constructed in 1964, includes three floors of commercial and retail space, including building amenities, professional offices and a preschool operated by the Child & Family Network Centers (CFNC), with the floors above containing 154 apartments. The property has been operated by a local family for more than 50 years since acquiring it 1968. A family partnership, comprised of the adult children of the original owners, now manages Landmark Towers and hopes to fulfill their parents' legacy to provide housing affordable to working families while also continuing to implement a capital improvement program to update the interior and exterior of the building, replace building systems, address life-safety and deferred maintenance issues, and make the building more energy efficient. The loan request and project narrative are attached (Attachment 2).

Based on data collected by the Office of Housing for its annual apartment survey, Landmark Towers is among a decreasing number of "market affordable" rental housing resources in Alexandria. Inclusive of utilities, rents are at or just above what would be considered affordable to households with incomes at 60% AMI. Residents of the building generally have incomes ranging up to 100% AMI, with the majority at or below 70% AMI. While the City has not before provided a housing opportunities loan to a privately-owned entity, doing so is consistent with its housing and community development powers under Code Section 7-4-2 related to making grants or loans to properties for the purpose of subsidizing rental housing costs to benefit low- and moderate-income households.

The importance of this residential asset to Alexandria's housing affordability ecosystem, the property's many long term tenants, its locational and transit efficiency, as well as its capacity for potential additional development, combined with the owner's desire to collaborate with the City on a mutually agreeable solution that maintains the property as market rate affordable and workforce housing, has induced the parties to come up with a package that offers short, medium and long term benefits.

DISCUSSION: Because of the building's age and condition, including substantial maintenance needs accrued prior to transition of day-to-day management to one of the original owners' children in 2014, the bulk of the property's cash flow is being invested to tackle capital improvements. A small portion is being used by the partnership to reduce tax debts of the parents' estate which are unrelated to the property. The City's investment – which will share costs of some work items deemed critical - will help accelerate the pace of other necessary improvements and allow some future work to proceed more efficiently since it can be sequenced to take advantage of infrastructure being added now.

Housing reviewed the list of capital improvements created through a third party physical needs assessment and, with the owner, selected two projects deemed most impactful to the building's long term affordability and useful life: replacement of the building's HVAC system (which, in addition to maximizing energy efficiency, will set up some of the infrastructure to install a future sprinkler system) and modernization of the building's three elevator systems, including the addition of life-safety upgrades related to ventilation, airflow and fire suppression features. The modernization will also install controlled access between the building's commercial spaces and its residential floors, enhancing safety for tenants. With more than 40% of the building's population comprised of families with children, or persons over 60, having a safe and reliable elevator system in the high-rise structure is critical. Proposals for the projects are being updated, but it is anticipated that the proposed City loan amount of $2.5 million will cover about one-half of the costs, with the balance to be paid by the owner. As with all City-supported projects including renovation or construction, Housing staff will review proposals and monitor the work once it is under way, attending progress meetings and inspections scheduled with subcontractors.

In exchange for the City loan which Landmark Towers will repay over fifteen years, the property will comply with the City's voluntary rent guidelines, with annual increases to be no more than 5% even though the rent currently includes utility costs. The City will receive a right of refusal, meaning that the City, or its designee, will have the opportunity to match any bona fide third-party offer received by the partnership if it decides to sell Landmark Towers during the next twenty years. The owners have also agreed to explore with the City and/or its designee redevelopment options to potentially add more affordable and workforce housing on the site, if feasible and mutually beneficial.

A right of first refusal was incorporated in City housing loans to nonprofits beginning in 2006 as an important vehicle to protect the City's investment, be at the table when the property is sold and to ensure properties that have received City financial support might be preserved as affordable housing. The provision of a right of first refusal in a private loan transaction helps build potential future pipeline projects by giving the City an opportunity to "buy its way in" and act to add to its portfolio of committed affordable units.

The commitment to comply with the City rent guidelines, details of the loan repayment plan, the City's right of first refusal, and the parties' intent to collaborate to explore a potential joint venture for future redevelopment of the site will be incorporated in the loan agreement and in a restrictive covenant to be filed in the land records. The Office of Housing has engaged Alexandria law firm MercerTrigiani, LLC to evaluate the business transaction and draft loan documents to safeguard the City's interests with a private entity.

FISCAL IMPACT: The $2.5 million loan will be sourced from City CIP Funds. Landmark Towers, LLC will repay the loan over 15 years, with interest-only payments during Years 1-3 while the capital improvement program is completed. Beginning in Year 4, annual installment payments amortizing the remaining loan and interest balance will be made on a schedule to fully repay the loan by Year 15. A proforma detailing project operations and cash flow reflecting the loan repayment plan is attached. (Attachment 3)

ATTACHMENTS:

1) Landmark Towers LLC 10-year Capital Improvement Plan
2) Landmark Towers LLC Loan Request and Project Narrative
3) Landmark Towers Proforma, including 15- Year Loan Repayment Plan

STAFF:
Emily A. Baker, Deputy City Manager
Christina Zechman Brown, Deputy City Attorney
Helen McIlvaine, Director, Office of Housing
Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

L&M Management LLC

Landmark Towers (101 S. Whiting Street, Alexandria, Virginia)

10 Year Capital Expenditure Plan

Detail	Est. Cost Range	Benefits
1.) Comprehensive HVAC Modernization	$2.1M - $3.2M	100% Control by tenant of HVAC conditions
Implementation 2-4 years		+80% efficiency rating versus current at 55%
**Engineering hired and likely to commence soon*		Eliminate water treatment/legionnaires risks
		Leaks costing +$10k in repairs and damage to tenants property
2.) Create Tenant Centric Amenities	$400K - $700K	Promote health and wellness with spacious gym
Implementation 2-4 years		Provide multiple literacy education and business areas
3.) Modernize Elevators	$700K-$980k	Upgraded and safer elevators, better airflow and efficiency
Implementation 2-4 years		Reduce downtime in elevators and associated costs
4.) Water Proofing and Structural Repair	$1.2M - $2.2M	Resolve potential structural issues in concrete piers
Implementation 3-5 years		Restore all concrete and brick flashing to stop leaks
**Contractor hired and likely to commence soon*		Paint entire exterior of building to maintain seal and insulate
5.) Modernize Lobby and Glass levels 1-3	$1.5M - $2.1M	Create clean, modern and energy efficient lobby
Implementation 3-6 years		Replace existing glass with more secure and efficient store front
6.) Install In Unit Washer & Dryer	$900K - $1.3M	Create cleaner environments, easy access for tenants
Implementation 5-8 years		Eliminate shared laundry facilities not desired by tenants
**Engineering hired and likely to commence soon*		
7.) Comprehensive Life Safety Upgrades	$750k - $990k	Sprinkler building for added safety of tenants
Implementation 6-9 years		Modernize fire alarm panel, strobes, etc..
Total Capital Expenditure Plan	**$7.4M - $11.4M**	**Creates a safe, efficient and dignity enhancing residence for the community at affordable workforce prices**

LANDMARK TOWERS LLC
MANAGEMENT OFFICE:
101 S. WHITING STREET, SUITE 113
ALEXANDRIA, VA 22304
(703) 751-5100

June 8, 2020

Ms. Helen McIlvaine
Director of Housing
City of Alexandria
421 King Street, Suite 215
Alexandria, VA 22314

Dear Ms. McIlvaine,

It was a pleasure meeting you in April and speaking with you again in early June. Thank you for your and the City's interest Landmark Towers.

Landmark Towers, located at 101 South Whiting Street in West Alexandria (the "Property"), has provided workforce housing and affordable commercial space for small businesses and community focused non-profits since 1968. Shortly after the Property's development in 1964, the Gondor family purchased the building from the developer, and it has remained within the family since.

The Gondor Philosophy

Dr. Leslie P. Gondor and Dr. Magdolna Iranyi-Gondor were physicians providing primary medical care for working class families (general medicine and pediatrics) in Alexandria for 50 years, establishing the Bradlee Family Medical Center in 1964 and purchasing Landmark Towers in 1968. Their philosophy in medical care and real estate was the same: provide affordable, available, and dignified services to people of all socioeconomic levels in the community.

Dr. Gondor and Dr. Iranyi-Gondor passed away in 2009 and 2014, respectively, and Landmark Towers is currently owned by a family partnership whose majority member is a family trust overseen by me, their daughter, Cecilia Gondor (the "Transition"). The family intends to keep the asset for the long term with a focus on continuing the tradition of providing workforce-affordable pricing for both residential and commercial needs.

Revitalization of Landmark Towers

Since the Transition, the Gondors have hired highly specialized consultants who focus on maintaining workforce affordability while bringing buildings to modern day efficiency, safety and comfort. In West Alexandria, most legacy buildings that provided workforce housing solutions have been acquired by institutional/overseas investors and were converted to higher market-rate apartments. This has enabled the investors to justify the millions of dollars required in capital expenditures to maintain legacy buildings in the area.

Since the Transition a majority of the apartment units at Landmark Towers have been comprehensively renovated at an average cost of $28,000 per unit. These improvements bring units to new-built luxury-finishes to enhance the dignity and comfort of the tenants that would otherwise not be afford in this area. Additionally, major infrastructure programs have been completed to enhance the efficiency, safety and comfort of the tenants.

The Gondors have focused on maintaining affordability at the Property while they continue to spend virtually all cash flow on future capital projects. As a result, the family does not have the capital to make all the necessary capital expenditures to achieve their goals in a timely fashion, given the below market cash flow produced.

While the Gondors continue to make improvements with cash flow over the long-term, several pressing projects need to be addressed in a condensed period of time; specifically, the conversion from an antiquated HVAC system to a modern efficient system and upgrading of the elevators.

HVAC System

The HVAC systems consist of two original boilers installed when the building was built in the early 1960's and a rooftop cooling tower system/basement chiller system that was upgraded approximately 10 years ago. The heating system, in particular, uses a very inefficient and highly unreliable methods of distribution of conditioned air. The existing two-pipe system only allows cooling to be active during the summer months and only heat during winter months. The system feeds water sourced perimeter units horizontally and vertically throughout the building and still uses the original 1960's era pipes which have frequent leaks, especially at the start of heating season (sometimes several a week) that typically impact multiple vertical units before being contained. The ability to replace/repair all of the piping while providing housing was explored but is not economically feasible. Additionally, it does not provide enhanced efficiency, safety and comfort to the tenants. Engineers at Engineering and Technical Consultants, Inc. ("ETC") have determined the best course of action is to eliminate the antiquated perimeter units and two-pipe system. Instead all HVAC systems will be upgraded to the most modern and efficient mini-split HVAC systems. Each room of the tenant's space will have separate zoned systems enabling individual room control with heat and cooling available at the tenant's discretion year-round. This should effectively eliminate the leak problems, dramatically increase comfort and dignity of the tenants and increase efficiency significantly.

Elevators

The elevator systems include three passenger elevators with two that service the whole building and one that services only the commercial floors (basement to 3rd floor). The two full-building elevator systems were upgraded roughly 15 years ago and are approaching their useful life. The commercial elevator has not been upgraded. Additionally, the Gondors would like to explore using cleaner interior cabs with enhanced security access to prevent commercial tenants from accessing the residential floors. Consultants are exploring increased airflow and fire life safety upgrades that would be implemented as part of the elevator modernization. A significant population of the tenants at the Property are older, some with disabilities, that make safe, modern and reliable elevators very important.

Estimated Costs

We anticipate the cost of the HVAC and elevator projects alone to be approximately $4 million - $4.5 million. Ownership is dedicated to moving forward with these improvements but are seeking $2.5 million in financing to make these improvements a reality.

Attached to this letter are documents requested for the Housing Opportunities Fund Loan Application.

We feel very fortunate that we are in a city that is so supportive of local business. Thank you for your consideration and assistance during this process.

Sincerely,

Cecilia L. Gondor
Managing Member

PROJECT NARRATIVE

Description and Demographics

Landmark Towers, located on the corner of South Whiting Street and Stevenson Avenue in Alexandria's West End, is one of the few remaining workforce-focused, mixed-use buildings. DASH bus stations with immediate access to Duke Street and I-395 North and South provide reliable multimodal forms of transportation to and from the site. Further expansion of public transportation and future development to the south and north of the site is already in progress. This includes the eventual redevelopment of the Landmark Mall which is directly across Duke Street from the site.

Landmark Towers is a sixteen (16)-story, mixed-use residential building with several floors for retail, office and non-profit community engagement space. The 154-unit apartment building has a reinforced concrete superstructure and brick exterior. Unit mix is illustrated below:

Unit Type	No. of Units	Unit Sizes
Studio	66	552 sf
1 Bedroom 1 Bath	66	956-994 sf
1 Bedroom 2 Bath	22	1095 sf
Total	**154**	**124,800 sf**
Commercial Spaces	**40**	**33,800 sf**

Landmark Tower's resident base includes working or retired individuals and families making in between 70%-100% of the average median income (AMI). Commercial tenants consist of small businesses, retail, medical and counseling services as well as a charity-funded preschool (Child & Family Network Centers, CFNC) provides tuition-free preschool to 4-year-olds whose family incomes qualify. All have selected the building because they are budget conscious and serve the lower income members of our community.

Within a 1 mile radius of Landmark Towers, population and household growth are projected to increase by 5.3%, median household income is currently $74,895 which is 17% lower than the 3 mile radius and shows the disparity within West Alexandria compared to the greater Alexandria area (according to CoStar Demographics). As more households move to West Alexandria over the next few years, community members are expected to continue to struggle to find affordable rental options that provide the modern, safe and efficient housing they require. Landmark Towers will be one of the few options for those not qualifying as LIHTC properties.

The current approximate Resident mix at Landmark are summarized as follows:

Income	Percentage
<80% AMI	55%
81%-90% AMI	35%
91%-100% AMI	10%

Demographic	Percentage
White	23%
African American	20%
Middle Eastern	19%
Hispanic	15%
Asian	13%
Other	10%

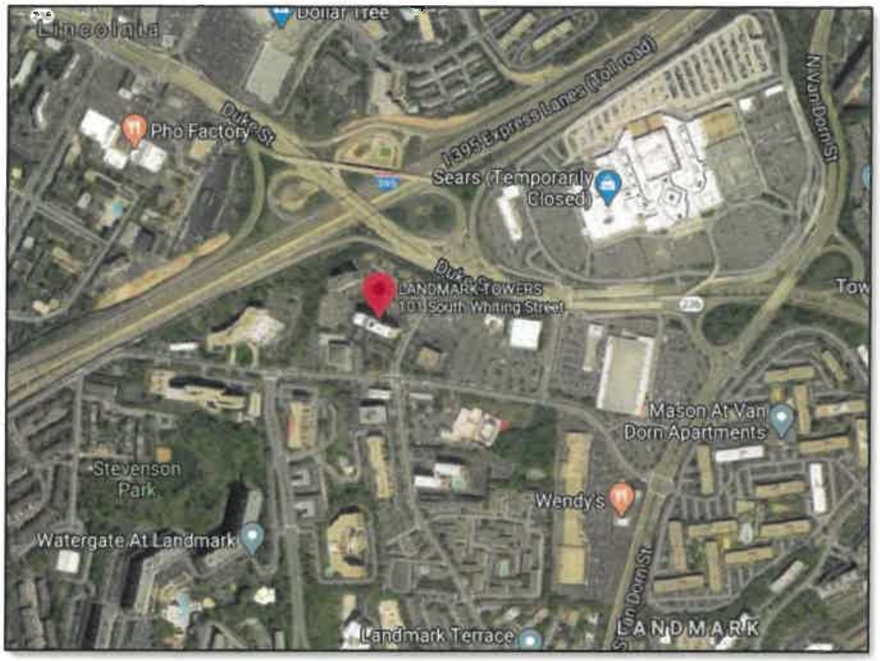
Age Group	Percentage
Families with children	14%
20-40	32%
41-60	27%
Over 60	27%

The diverse mix of cultures, races, ages and incomes at Landmark Towers sets it apart from most apartment buildings in Northern Virginia. In addition, a highly diverse staff reflects the background of the residents and includes Hispanic, Middle Eastern, African and African Americans.

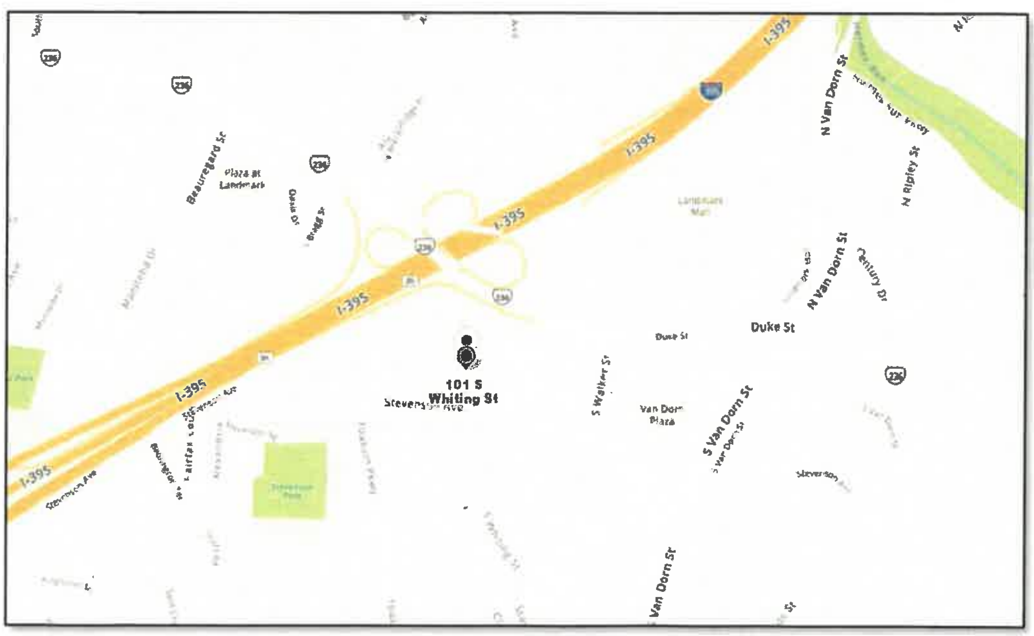
The Property is zoned CRMU/H and is in compliance with additional FAR available for development. At this time, Ownership does not intend to redevelop the site to maximize density as a way to maintain affordability for the community.

Location Map

Conveniently located minutes off I-395 via Duke Street, S. Van Dorn Street, Stevenson Avenue, S Whiting Street and Edsall Road, Landmark Tower's location is ideal for providing workforce housing to the community. The Van Dorn Street Metro stop is less than 2 miles south of Landmark Towers.



As the presence of major employers continues to expand in and around Alexandria, the need for high-quality workforce housing options will grow tremendously. The Amazon expansion into Crystal City has already caused many previously workforce-targeted buildings to sell or be converted into high-end luxury-apartments. The building is situated across from the former Landmark Mall site which will likely be redeveloped to a high-end mixed-use development requiring a direct labor force. Landmark Towers will be well positioned to provide afford housing to employees needed in the redeveloped site.



Photographs of the Landmark Towers

Site and Floor Plans

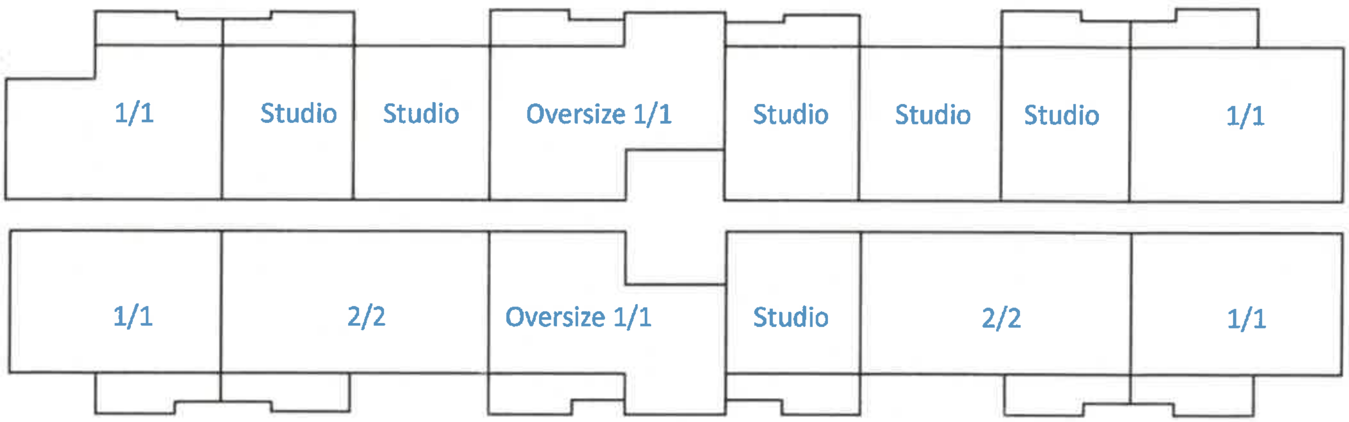
Site Plan Landmark Towers Typical Residential Floor

Each floor, 4th through 15th, has 14 Residential Apartments as follows:

2 Apartments/Floor – Two Bedroom, Two Bathrooms, Balcony

6 Apartments/Floor – One Bedroom, One Bath, Balcony

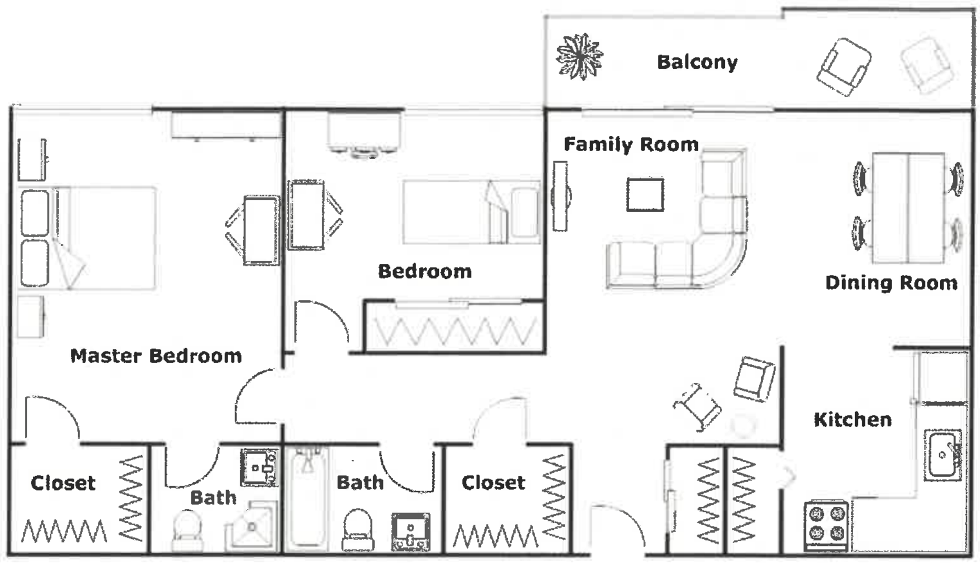
6 Apartments/Floor – Studio (4 with balconies, 2 without)



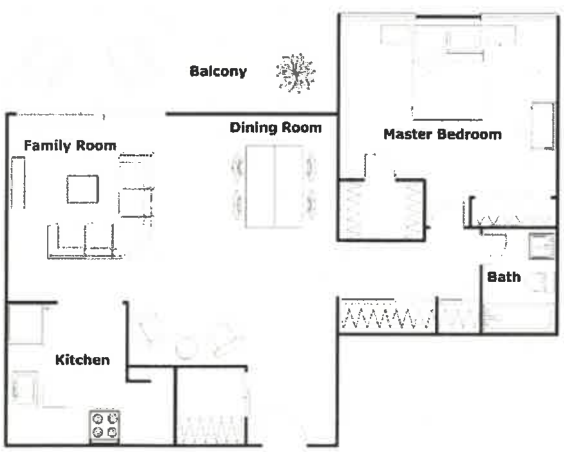
Typical Renovated Living Room of One and Two Bedroom Apartments

Apartment Floorplans

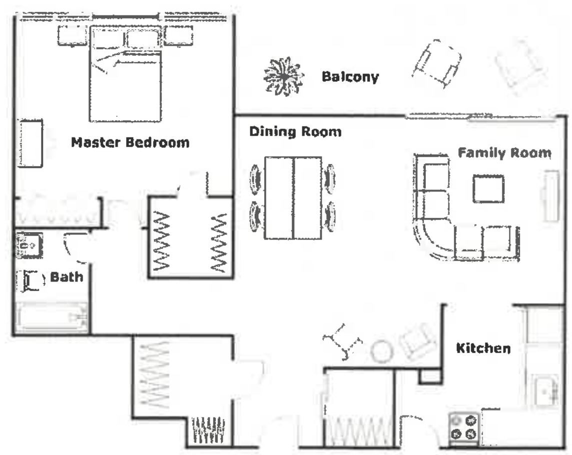
2 Bedroom/2 Bath/Balcony - 1095 sf



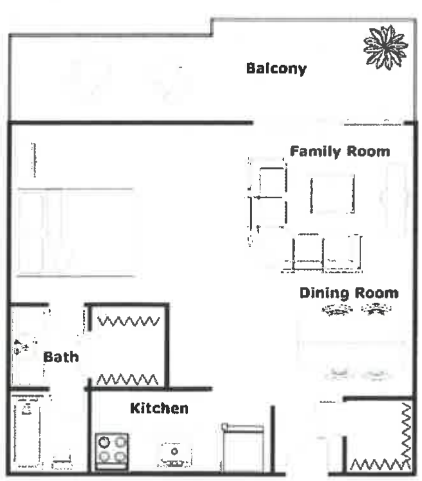
1 Bedroom/1 Bath/Balcony - 956 sf



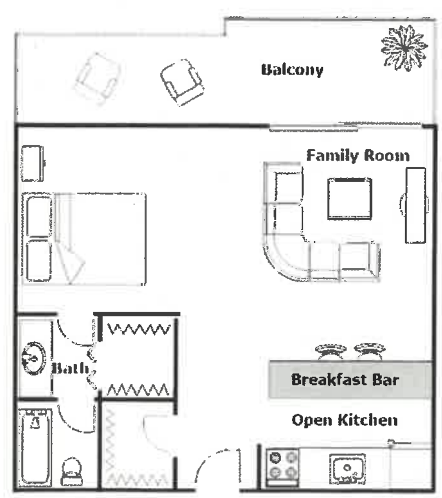
Oversized 1 Bedroom/1 Bath/Balcony – 994 sf



Studio with Gallev Kitchen - 552 sf



Studio with Breakfast Bar – 552 sf



Description of Renovation and Rehabilitation Conducted in Past Several Years

The following is a summary list of recent improvements made to the Property:

Project	Approx. Cost
• Repaired all domestic water headers and risers *ePipe, Capitol Boiler*	$1,300,000
• Replaced all windows in apartments; window film lower floors *Aeroseal Windows and Storefronts, Atlantic Sun Control*	$220,000
• Replaced all toilets with low-flush toilets *Water Management Inc.*	$60,000
• Boiler and chiller overhauls *Capitol Boiler, Virginia Pump, ACI*	$404,000
• Renovation of approx. 110 of the 154 apartment units *Potomac Valley Contractors*	$3,000,000
• Replaced roof with TPO White (energy star) *Katchmark, DBS Roofing, Potomac Valley Contractors*	$300,000
• Resurfacing of parking lots *Pavement Corp., Pothole Repair*	$260,000
• Commercial floor restroom renovation and installation of ADA bathrooms and resident amenities *Potomac Valley Contractors*	$200,000
• Hallway painting, carpet and remodeling *Potomac Valley Contractors, Arlandria Floors*	$250,000
• Landscaping, walkway renovation, rebuild entrance canopies *Balfor, Potomac Valley Contractors, Carroll Awning*	$300,000
• Playground (paid for by CFNC) *Playground Specialists, Inc.*	$50,000

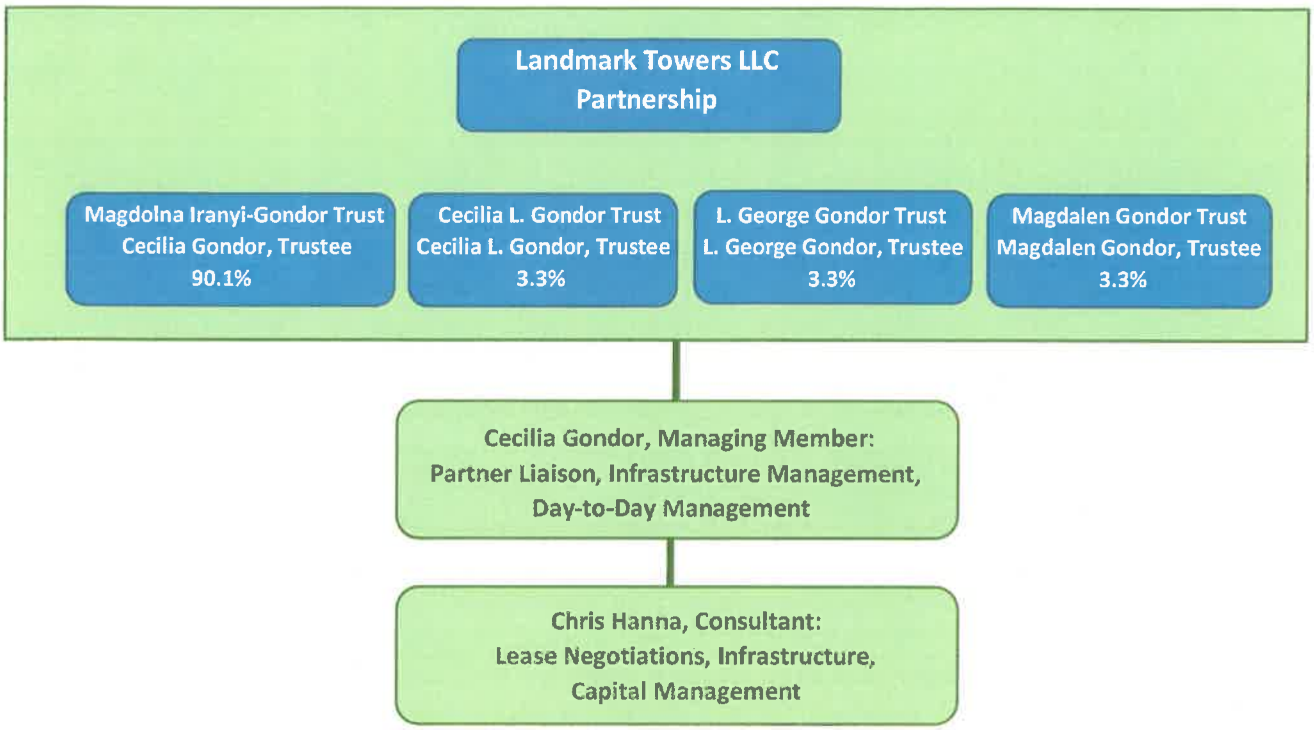
In progress:

• Exterior balcony repairs (in progress) *Potomac Valley Contractors*	$200,000
• Exterior repairs and painting, lower floors *Potomac Valley Contractors*	$50,000
• Renovation of remaining apartments *Potomac Valley Contractors*	$1,200,000
• Valve replacement for risers *Capitol Boiler*	$60,000
• New exterior signage *CatchySign, Inc.*	$32,000

Remodeling of Apartment Units (additional pictures at https://www.RentAtLandmkark.com)

BEFORE	AFTER
 Unrenovated Kitchen (with new appliances)	 Renovated Kitchen
 Unrenovated Bathroom	 Renovated Bathroom
 Unrenovated Bedroom	 Renovated Bedroom

Organization Structure



Landmark Towers LLC

40 Year Cash Flow Projection / Proforma

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income Growth @	3%										
Residential PGI		$2,691,985	$2,772,744	$2,855,927	$2,941,605	$3,029,853	$3,120,748	$3,214,371	$3,310,802	$3,410,126	$3,512,430
Commercial PGI		$693,802	$714,616	$736,055	$758,136	$780,880	$804,307	$828,436	$853,289	$878,888	$905,254
Miscellaneous Fees		$4,063	$4,185	$4,311	$4,440	$4,573	$4,710	$4,852	$4,997	$5,147	$5,301
Total Potential Gross Income		$3,389,850	$3,491,545	$3,596,292	$3,704,181	$3,815,306	$3,929,765	$4,047,658	$4,169,088	$4,294,160	$4,422,985
Vacancy @ 10%		($338,985)	($349,155)	($359,629)	($370,418)	($381,531)	($392,977)	($404,766)	($416,909)	($429,416)	($442,299)
Total Effective Income		$3,050,865	$3,142,391	$3,236,663	$3,333,763	$3,433,775	$3,536,789	$3,642,892	$3,752,179	$3,864,744	$3,980,687
Expenses Growth @	2%										
General & Administrative											
Management Fee	3.50%	$106,780	$109,984	$113,283	$116,682	$120,182	$123,788	$127,501	$131,326	$135,266	$139,324
Advertising		$18,978	$19,358	$19,745	$20,140	$20,543	$20,954	$21,373	$21,800	$22,236	$22,681
Bank Fees		$105	$107	$109	$111	$114	$116	$118	$121	$123	$125
Travel Expenses		$4,001	$4,081	$4,162	$4,246	$4,331	$4,417	$4,505	$4,596	$4,687	$4,781
Commissions		$2,356	$2,403	$2,451	$2,500	$2,550	$2,601	$2,653	$2,706	$2,760	$2,816
Information Technology		$15,023	$15,323	$15,630	$15,943	$16,261	$16,587	$16,918	$17,257	$17,602	$17,954
Donations		$1,500	$1,530	$1,561	$1,592	$1,624	$1,656	$1,689	$1,723	$1,757	$1,793
Licenses & Taxes		$15,561	$15,873	$16,190	$16,514	$16,844	$17,181	$17,525	$17,875	$18,233	$18,597
Postage Services		$919	$937	$956	$975	$994	$1,014	$1,035	$1,055	$1,076	$1,098
Total General & Administrative		$165,224	$169,596	$174,088	$178,702	$183,443	$188,314	$193,318	**$198,459**	$203,742	$209,169
Contract Services											
Fire Monitoring		$1,250	$1,275	$1,301	$1,327	$1,353	$1,380	$1,408	$1,436	$1,465	$1,494
Electrical		$1,500	$1,530	$1,561	$1,592	$1,624	$1,656	$1,689	$1,723	$1,757	$1,793
Elevator		$19,078	$19,460	$19,849	$20,246	$20,651	$21,064	$21,485	$21,915	$22,353	$22,801
Pest Control		$13,650	$13,923	$14,201	$14,485	$14,775	$15,071	$15,372	$15,680	$15,993	$16,313
Grounds		$6,010	$6,130	$6,252	$6,377	$6,505	$6,635	$6,768	$6,903	$7,041	$7,182
HVAC		$4,850	$4,947	$5,046	$5,147	$5,250	$5,355	$5,462	$5,571	$5,683	$5,796
Plumbing		$70,524	$71,934	$39,564	$40,355	$41,162	$41,985	$42,825	$43,682	$44,555	$45,446
Janitorial		$35,342	$36,048	$36,769	$37,505	$38,255	$39,020	$39,800	$40,596	$41,408	$42,237
Waste Treatment		$65,187	$66,490	$67,820	$69,177	$70,560	$71,971	$73,411	$74,879	$76,376	$77,904
Security		$14,527	$14,818	$15,114	$15,416	$15,725	$16,039	$16,360	$16,687	$17,021	$17,361
Snow Removal		$22,223	$22,667	$23,120	$23,583	$24,054	$24,535	$25,026	$25,527	$26,037	$26,558
Trash Removal		$44,794	$45,690	$46,604	$47,536	$48,486	$49,456	$50,445	$51,454	$52,483	$53,533
Inspections		$2,248	$2,293	$2,339	$2,386	$2,433	$2,482	$2,532	$2,582	$2,634	$2,687
Total Contract Services		$301,182	$307,205	$279,540	$285,131	$290,834	$296,650	$302,583	$308,635	$314,808	$321,104
Insurance and Real Estate Taxes											
Insurance		$56,154	$57,277	$58,422	$59,591	$60,782	$61,998	$63,238	$64,503	$65,793	$67,109
Real Estate Taxes		$260,312	$265,518	$270,828	$276,245	$281,770	$287,405	$293,153	$299,016	$304,997	$311,097
Total Insurance and Real Estate Taxes		$316,465	$322,795	$329,250	$335,835	$342,552	$349,403	$356,391	$363,519	$370,789	$378,205
Professional Services											
Accounting		$24,141	$24,623	$25,116	$25,618	$26,131	$26,653	$27,186	$27,730	$28,285	$28,850
Consulting		$60,000	$61,200	$62,424	$63,672	$64,946	$66,245	$67,570	$68,921	$70,300	$71,706
Legal & Other		$7,036	$7,177	$7,321	$7,467	$7,616	$7,769	$7,924	$8,083	$8,244	$8,409
Total Professional Services		$91,177	$93,000	$94,860	$96,758	$98,693	$100,667	$102,680	$104,734	$106,828	$108,965
Payroll Expenses											
Salaries		$340,552	$347,363	$354,310	$361,397	$368,624	$375,997	$383,517	$391,187	$399,011	$406,991
Taxes & Processing		$64,593	$65,885	$67,203	$68,547	$69,918	$71,316	$72,742	$74,197	$75,681	$77,195
Payroll Expenses		$405,145	$413,248	$421,513	$429,943	$438,542	$447,313	$456,259	$465,384	$474,692	$484,186
Repairs & Maintenance											
General Building		$330,863	$281,234	$215,061	$219,362	$223,749	$228,224	$232,789	$237,445	$242,194	$247,037
HVAC		$89,908	$44,954	$26,972	$27,512	$28,062	$28,623	$29,196	$29,780	$30,375	$30,983
Painting & Supplies		$42,913	$43,771	$44,646	$45,539	$46,450	$47,379	$48,326	$49,293	$50,279	$51,284
Roof		$11,352	$11,579	$11,811	$12,047	$12,288	$12,534	$12,784	$13,040	$13,301	$13,567
Parking		$7,500	$7,650	$7,803	$7,959	$8,118	$8,281	$8,446	$8,615	$8,787	$8,963
Residential Supplies		$223,461	$178,768	$167,595	$170,947	$174,366	$177,854	$181,411	$185,039	$188,740	$192,514
Office Supplies		$17,586	$17,938	$18,296	$18,662	$19,036	$19,416	$19,805	$20,201	$20,605	$21,017
Flooring		$16,600	$16,932	$17,271	$17,616	$17,968	$18,328	$18,694	$19,068	$19,450	$19,839
R&M Other - Flood Restoration, Repairs		$261,341	$266,568	$156,805	$159,941	$163,140	$166,402	$169,730	$173,125	$176,587	$180,119
Total Repairs & Maintenance		$1,001,523	$869,393	$666,260	$679,585	$693,177	$707,041	$721,182	$735,605	$750,317	$765,324
Utilities											
Electric		$106,797	$108,933	$87,146	$88,889	$90,667	$92,480	$94,330	$96,217	$98,141	$100,104
Gas		$74,287	$75,773	$46,373	$47,300	$48,246	$49,211	$50,195	$51,199	$52,223	$53,268
Water		$38,062	$38,823	$27,176	$27,720	$28,274	$28,839	$29,416	$30,004	$30,605	$31,217
Total Utilities		$219,145	$223,528	$160,695	$163,909	$167,187	$170,531	$173,942	$177,420	$180,969	$184,588
Total Operating Expenses		$2,499,861	$2,398,765	$2,126,207	$2,169,864	$2,214,428	$2,259,918	$2,306,355	$2,353,757	$2,402,145	$2,451,541
Net Operating Income		$551,004	$743,625	$1,110,456	$1,163,899	$1,219,347	$1,276,870	$1,336,538	$1,398,422	$1,462,599	$1,529,146
Capital Expenditures											
HVAC Upgrades		$1,291,667	$1,291,667	$1,291,667							
Elevator Upgrades			$810,625								
Other Capital Projects/Reserves		$75,000	$75,000	$75,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Total Capital Expenditures		$1,366,667	$2,177,292	$1,366,667	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Financing											
Starting Loan Balance		$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,315,495	$2,127,300	$1,935,341	$1,739,542	$1,539,828	$1,336,119
City Loan Interest	2%	$50,000	$50,000	$50,000	$50,000	$46,310	$42,546	$38,707	$34,791	$30,797	$26,722
City Loan Principal					$184,505	$188,195	$191,959	$195,798	$199,714	$203,709	$207,783
Ending Loan Balance		$2,500,000	$2,500,000	$2,500,000	$2,315,495	$2,127,300	$1,935,341	$1,739,542	$1,539,828	$1,336,119	$1,128,337
Total Financing Costs		$50,000	$50,000	$50,000	$234,505	$234,505	$234,505	$234,505	$234,505	$234,505	$234,505
Net Cash Flow / (Deficit Funded by Owner)		($865,662)	($1,483,666)	($306,211)	$679,394	$734,842	$792,365	$852,033	$913,917	$978,094	$1,044,641

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Residential PGI	$3,617,803	$3,726,337	$3,838,127	$3,953,271	$4,071,869	$4,194,025	$4,319,845	$4,449,441	$4,582,924	$4,720,412
Commercial PGI	$932,412	$960,384	$989,196	$1,018,872	$1,049,438	$1,080,921	$1,113,349	$1,146,749	$1,181,151	$1,216,586
Miscellaneous Fees	$5,460	$5,624	$5,793	$5,967	$6,146	$6,330	$6,520	$6,716	$6,917	$7,125
Total Potential Gross Income	$4,555,675	$4,692,345	$4,833,115	$4,978,109	$5,127,452	$5,281,276	$5,439,714	$5,602,905	$5,770,993	$5,944,122
Vacancy @ 10%	($455,567)	($469,235)	($483,312)	($497,811)	($512,745)	($528,128)	($543,971)	($560,291)	($577,099)	($594,412)
Total Effective Income	$4,100,107	$4,223,111	$4,349,804	$4,480,298	$4,614,707	$4,753,148	$4,895,743	$5,042,615	$5,193,893	$5,349,710
Management Fee	$143,504	$147,809	$152,243	$156,810	$161,515	$166,360	$171,351	$176,492	$181,786	$187,240
Advertising	$23,135	$23,597	$24,069	$24,551	$25,042	$25,542	$26,053	$26,574	$27,106	$27,648
Bank Fees	$128	$131	$133	$136	$139	$141	$144	$147	$150	$153
Travel Expenses	$4,877	$4,974	$5,074	$5,175	$5,279	$5,384	$5,492	$5,602	$5,714	$5,828
Commissions	$2,872	$2,929	$2,988	$3,048	$3,109	$3,171	$3,234	$3,299	$3,365	$3,432
Information Technology	$18,313	$18,679	$19,053	$19,434	$19,823	$20,219	$20,623	$21,036	$21,457	$21,886
Donations	$1,828	$1,865	$1,902	$1,940	$1,979	$2,019	$2,059	$2,100	$2,142	$2,185
Licenses & Taxes	$18,969	$19,349	$19,736	$20,130	$20,533	$20,944	$21,363	$21,790	$22,226	$22,670
Postage Services	$1,120	$1,142	$1,165	$1,188	$1,212	$1,236	$1,261	$1,286	$1,312	$1,338
Total General & Administrative	$214,746	$220,476	$226,363	$232,413	$238,629	$245,017	$251,581	$258,326	$265,258	$272,381
Fire Monitoring	$1,524	$1,554	$1,585	$1,617	$1,649	$1,682	$1,716	$1,750	$1,785	$1,821
Electrical	$1,828	$1,865	$1,902	$1,940	$1,979	$2,019	$2,059	$2,100	$2,142	$2,185
Elevator	$23,257	$23,722	$24,196	$24,680	$25,174	$25,677	$26,191	$26,714	$27,249	$27,794
Pest Control	$16,639	$16,972	$17,312	$17,658	$18,011	$18,371	$18,739	$19,113	$19,496	$19,885
Grounds	$7,326	$7,472	$7,621	$7,774	$7,929	$8,088	$8,250	$8,415	$8,583	$8,755
HVAC	$5,912	$6,030	$6,151	$6,274	$6,399	$6,527	$6,658	$6,791	$6,927	$7,066
Plumbing	$46,355	$47,282	$48,228	$49,193	$50,177	$51,180	$52,204	$53,248	$54,313	$55,399
Janitorial	$43,081	$43,943	$44,822	$45,718	$46,633	$47,565	$48,517	$49,487	$50,477	$51,486
Waste Treatment	$79,462	$81,051	$82,672	$84,326	$86,012	$87,733	$89,487	$91,277	$93,102	$94,965
Security	$17,708	$18,063	$18,424	$18,792	$19,168	$19,552	$19,943	$20,341	$20,748	$21,163
Snow Removal	$27,089	$27,631	$28,184	$28,747	$29,322	$29,909	$30,507	$31,117	$31,739	$32,374
Trash Removal	$54,604	$55,696	$56,810	$57,946	$59,105	$60,287	$61,493	$62,722	$63,977	$65,256
Inspections	$2,740	$2,795	$2,851	$2,908	$2,966	$3,026	$3,086	$3,148	$3,211	$3,275
Total Contract Services	$327,526	$334,076	$340,758	$347,573	$354,525	$361,615	$368,847	$376,224	$383,749	$391,424
Insurance	$68,451	$69,820	$71,216	$72,641	$74,093	$75,575	$77,087	$78,628	$80,201	$81,805
Real Estate Taxes	$317,319	$323,665	$330,138	$336,741	$343,476	$350,345	$357,352	$364,499	$371,789	$379,225
Total Insurance and Real Estate Taxes	$385,769	$393,485	$401,354	$409,382	$417,569	$425,921	$434,439	$443,128	$451,990	$461,030
Accounting	$29,427	$30,016	$30,616	$31,228	$31,853	$32,490	$33,140	$33,803	$34,479	$35,168
Consulting	$73,140	$74,602	$76,095	$77,616	$79,169	$80,752	$82,367	$84,014	$85,695	$87,409
Legal & Other	$8,577	$8,749	$8,924	$9,102	$9,284	$9,470	$9,659	$9,853	$10,050	$10,251
Total Professional Services	$111,144	$113,367	$115,634	$117,947	$120,306	$122,712	$125,166	$127,670	$130,223	$132,827
Salaries	$415,131	$423,434	$431,902	$440,540	$449,351	$458,338	$467,505	$476,855	$486,392	$496,120
Taxes & Processing	$78,739	$80,313	$81,920	$83,558	$85,229	$86,934	$88,672	$90,446	$92,255	$94,100
Payroll Expenses	$493,869	$503,747	$513,822	$524,098	$534,580	$545,272	$556,177	$567,301	$578,647	$590,220
General Building	$251,978	$257,018	$262,158	$267,401	$272,749	$278,204	$283,768	$289,444	$295,233	$301,137
HVAC	$31,602	$32,235	$32,879	$33,537	$34,208	$34,892	$35,590	$36,301	$37,027	$37,768
Painting & Supplies	$52,310	$53,356	$54,423	$55,512	$56,622	$57,755	$58,910	$60,088	$61,290	$62,515
Roof	$13,838	$14,115	$14,397	$14,685	$14,979	$15,278	$15,584	$15,896	$16,213	$16,538
Parking	$9,142	$9,325	$9,512	$9,702	$9,896	$10,094	$10,296	$10,502	$10,712	$10,926
Residential Supplies	$196,365	$200,292	$204,298	$208,384	$212,552	$216,803	$221,139	$225,561	$230,073	$234,674
Office Supplies	$21,437	$21,866	$22,303	$22,749	$23,204	$23,668	$24,142	$24,625	$25,117	$25,619
Flooring	$20,235	$20,640	$21,053	$21,474	$21,903	$22,341	$22,788	$23,244	$23,709	$24,183
R&M Other - Flood Restoration, Repairs	$183,722	$187,396	$191,144	$194,967	$198,866	**$202,843**	**$206,900**	$211,038	$215,259	$219,564
Total Repairs & Maintenance	$780,630	$796,243	$812,168	$828,411	$844,979	$861,879	$879,116	$896,699	$914,633	$932,925
Electric	$102,106	$104,148	$106,231	$108,355	$110,523	$112,733	$114,988	$117,287	$119,633	$122,026
Gas	$54,333	$55,420	$56,528	$57,659	$58,812	$59,988	$61,188	$62,412	$63,660	$64,933
Water	$31,841	$32,478	$33,127	$33,790	$34,466	$35,155	$35,858	$36,575	$37,307	$38,053
Total Utilities	$188,280	$192,045	$195,886	$199,804	$203,800	**$207,876**	$212,034	$216,274	$220,600	$225,012
Total Operating Expenses	$2,501,965	$2,553,439	$2,605,986	$2,659,628	$2,714,389	$2,770,292	$2,827,361	$2,885,622	$2,945,099	$3,005,819
Net Operating Income	$1,598,143	$1,669,672	$1,743,818	$1,820,670	$1,900,318	$1,982,857	$2,068,382	$2,156,993	$2,248,794	$2,343,891
Other Capital Projects/Reserves	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Total Capital Expenditures	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Starting Loan Balance	$1,128,337	$916,398	$700,221	$479,721	$254,810					
City Loan Interest	$22,567	$18,328	$14,004	$9,594	$5,096					
City Loan Principal	$211,938	$216,177	$220,501	$224,911	$229,409					
Ending Loan Balance	$916,398	$700,221	$479,721	$254,810	$0					
Total Financing Costs	$234,505	$234,505	$234,505	$234,505	$254,810					
Net Cash Flow / (Deficit Funded by Owner)	$1,113,638	$1,185,166	$1,259,313	$1,336,165	$1,395,508	$1,732,857	$1,818,382	$1,906,993	$1,998,794	$2,093,891

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31
Residential PGI	$4,862,024	$5,007,885	$5,158,121	$5,312,865	$5,472,251	$5,636,419	$5,805,511	$5,979,676	$6,159,067	$6,343,839	$6,534,154
Commercial PGI	$1,253,084	$1,290,676	$1,329,396	$1,369,278	$1,410,357	$1,452,667	$1,496,247	$1,541,135	$1,587,369	$1,634,990	$1,684,040
Miscellaneous Fees	$7,338	$7,558	$7,785	$8,019	$8,259	$8,507	$8,762	$9,025	$9,296	$9,575	$9,862
Total Potential Gross Income	$6,122,446	$6,306,119	$6,495,303	$6,690,162	$6,890,867	$7,097,593	$7,310,521	$7,529,836	$7,755,732	$7,988,403	$8,228,056
Vacancy @ 10%	($612,245)	($630,612)	($649,530)	($669,016)	($689,087)	($709,759)	($731,052)	($752,984)	($775,573)	($798,840)	($822,806)
Total Effective Income	$5,510,201	$5,675,508	$5,845,773	$6,021,146	$6,201,780	$6,387,834	$6,579,469	$6,776,853	$6,980,158	$7,189,563	$7,405,250
Management Fee	$192,857	$198,643	$204,602	$210,740	$217,062	$223,574	$230,281	$237,190	$244,306	$251,635	$259,184
Advertising	$28,201	$28,765	$29,340	$29,927	$30,526	$31,136	$31,759	$32,394	$33,042	$33,703	$34,377
Bank Fees	$156	$159	$162	$166	$169	$172	$176	$179	$183	$186	$190
Travel Expenses	$5,945	$6,064	$6,185	$6,309	$6,435	$6,564	$6,695	$6,829	$6,965	$7,105	$7,247
Commissions	$3,501	$3,571	$3,642	$3,715	$3,790	$3,865	$3,943	$4,022	$4,102	$4,184	$4,268
Information Technology	$22,323	$22,770	$23,225	$23,690	$24,164	$24,647	$25,140	$25,643	$26,155	$26,679	$27,212
Donations	$2,229	$2,273	$2,319	$2,365	$2,413	$2,461	$2,510	$2,560	$2,612	$2,664	$2,717
Licenses & Taxes	$23,124	$23,586	$24,058	$24,539	$25,030	$25,530	$26,041	$26,562	$27,093	$27,635	$28,187
Postage Services	$1,365	$1,392	$1,420	$1,449	$1,478	$1,507	$1,537	$1,568	$1,599	$1,631	$1,664
Total General & Administrative	$279,701	$287,223	$294,954	$302,899	$311,065	$319,457	$328,082	$336,946	$346,057	$355,421	$365,046
Fire Monitoring	$1,857	$1,895	$1,932	$1,971	$2,011	$2,051	$2,092	$2,134	$2,176	$2,220	$2,264
Electrical	$2,229	$2,273	$2,319	$2,365	$2,413	$2,461	$2,510	$2,560	$2,612	$2,664	$2,717
Elevator	$28,350	$28,917	$29,495	$30,085	$30,687	$31,300	$31,926	$32,565	$33,216	$33,880	$34,558
Pest Control	$20,283	$20,689	$21,103	$21,525	$21,955	$22,394	$22,842	$23,299	$23,765	$24,240	$24,725
Grounds	$8,930	$9,108	$9,291	$9,476	$9,666	$9,859	$10,056	$10,258	$10,463	$10,672	$10,885
HVAC	$7,207	$7,351	$7,498	$7,648	$7,801	$7,957	$8,116	$8,278	$8,444	$8,613	$8,785
Plumbing	$56,507	$57,637	$58,790	$59,966	$61,165	$62,388	$63,636	$64,909	$66,207	$67,531	$68,882
Janitorial	$52,516	$53,566	$54,637	$55,730	$56,845	$57,982	$59,141	$60,324	$61,531	$62,761	$64,017
Waste Treatment	$96,864	$98,801	$100,777	$102,793	$104,849	$106,945	$109,084	$111,266	$113,491	$115,761	$118,076
Security	$21,587	$22,018	$22,459	$22,908	$23,366	$23,833	$24,310	$24,796	$25,292	$25,798	$26,314
Snow Removal	$33,021	$33,682	$34,356	$35,043	$35,743	$36,458	$37,188	$37,931	$38,690	$39,464	$40,253
Trash Removal	$66,562	$67,893	$69,251	$70,636	$72,048	$73,489	$74,959	$76,458	$77,987	$79,547	$81,138
Inspections	$3,340	$3,407	$3,475	$3,545	$3,616	$3,688	$3,762	$3,837	$3,914	$3,992	$4,072
Total Contract Services	$399,252	$407,237	$415,382	$423,690	$432,163	$440,807	$449,623	$458,615	$467,788	$477,143	$486,686
Insurance	$83,441	$85,110	$86,812	$88,548	$90,319	$92,126	$93,968	$95,848	$97,765	$99,720	$101,714
Real Estate Taxes	$386,809	$394,546	$402,437	$410,485	$418,695	$427,069	$435,610	$444,323	$453,209	$462,273	$471,519
Total Insurance and Real Estate Taxes	$470,251	$479,656	$489,249	$499,034	$509,014	$519,195	$529,579	$540,170	$550,974	$561,993	$573,233
Accounting	$35,872	$36,589	$37,321	$38,067	$38,829	$39,605	$40,397	$41,205	$42,029	$42,870	$43,727
Consulting	$89,157	$90,940	$92,759	$94,614	$96,506	$98,436	$100,405	$102,413	$104,461	$106,551	$108,682
Legal & Other	$10,456	$10,665	$10,878	$11,096	$11,317	$11,544	$11,775	$12,010	$12,250	$12,495	$12,745
Total Professional Services	$135,484	$138,194	$140,958	$143,777	$146,652	$149,585	$152,577	$155,629	$158,741	$161,916	$165,154
Salaries	$506,042	$516,163	$526,486	$537,016	$547,757	$558,712	$569,886	$581,284	$592,909	$604,767	$616,863
Taxes & Processing	$95,982	$97,901	$99,859	$101,857	$103,894	$105,972	$108,091	$110,253	$112,458	$114,707	$117,001
Payroll Expenses	$602,024	$614,065	$626,346	$638,873	$651,650	$664,683	$677,977	$691,537	$705,367	$719,475	$733,864
General Building	$307,160	$313,303	$319,569	$325,961	$332,480	$339,129	$345,912	$352,830	$359,887	$367,085	$374,426
HVAC	$38,523	$39,294	$40,080	$40,881	$41,699	$42,533	$43,383	$44,251	$45,136	$46,039	$46,960
Painting & Supplies	$63,766	$65,041	$66,342	$67,669	$69,022	$70,403	$71,811	$73,247	$74,712	$76,206	$77,730
Roof	$16,868	$17,206	$17,550	$17,901	$18,259	$18,624	$18,997	$19,377	$19,764	$20,159	$20,563
Parking	$11,145	$11,367	$11,595	$11,827	$12,063	$12,305	$12,551	$12,802	$13,058	$13,319	$13,585
Residential Supplies	$239,368	$244,155	$249,038	$254,019	$259,099	$264,281	$269,567	$274,958	$280,457	$286,066	$291,788
Office Supplies	$26,132	$26,655	$27,188	$27,731	$28,286	$28,852	$29,429	$30,017	$30,618	$31,230	$31,855
Flooring	$24,667	$25,160	$25,663	$26,177	$26,700	$27,234	$27,779	$28,334	$28,901	$29,479	$30,069
R&M Other - Flood Restoration, Repairs	$223,956	$228,435	$233,003	$237,663	$242,417	$247,265	$252,210	$257,255	$262,400	$267,648	$273,001
Total Repairs & Maintenance	$951,584	$970,615	$990,028	$1,009,828	$1,030,025	$1,050,625	$1,071,638	$1,093,071	$1,114,932	$1,137,231	$1,159,975
Electric	$124,466	$126,956	$129,495	$132,085	$134,726	$137,421	$140,169	$142,973	$145,832	$148,749	$151,724
Gas	$66,232	$67,556	$68,908	$70,286	$71,691	$73,125	$74,588	$76,080	$77,601	$79,153	$80,736
Water	$38,814	$39,590	$40,382	$41,190	$42,014	$42,854	$43,711	$44,585	$45,477	$46,386	$47,314
Total Utilities	$229,512	$234,102	$238,784	$243,560	$248,431	$253,400	$258,468	$263,637	$268,910	$274,288	$279,774
Total Operating Expenses	$3,067,808	$3,131,092	$3,195,701	$3,261,661	$3,329,001	$3,397,752	$3,467,943	$3,539,604	$3,612,768	$3,687,467	$3,763,733
Net Operating Income	$2,442,394	$2,544,415	$2,650,072	$2,759,485	$2,872,779	$2,990,082	$3,111,526	$3,237,248	$3,367,390	$3,502,096	$3,641,517
Other Capital Projects/Reserves	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Total Capital Expenditures	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Net Cash Flow / (Deficit Funded by Owner)	$2,192,394	$2,294,415	$2,400,072	$2,509,485	$2,622,779	$2,740,082	$2,861,526	$2,987,248	$3,117,390	$3,252,096	$3,391,517

*IRS Estate Tax Loan Total Payments $ (963,572) $ (1,096,958) $ (1,076,203) $ (1,054,929) $ (1,033,124) $ (1,010,774) $ (1,020,275)

Loan payment required by Estate not Property and will be paid along with other real estate holdings and investments

Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
$6,730,178	$6,932,084	$7,140,046	$7,354,248	$7,574,875	$7,802,121	$8,036,185	$8,277,271	$8,525,589
$1,734,561	$1,786,598	$1,840,196	$1,895,401	$1,952,263	$2,010,831	$2,071,156	$2,133,291	$2,197,290
$10,158	$10,463	$10,777	$11,100	$11,433	$11,776	$12,129	$12,493	$12,868
$8,474,897	$8,729,144	$8,991,018	$9,260,749	$9,538,571	$9,824,729	$10,119,470	$10,423,055	$10,735,746
($847,490)	($872,914)	($899,102)	($926,075)	($953,857)	($982,473)	($1,011,947)	($1,042,305)	($1,073,575)
$7,627,408	$7,856,230	$8,091,917	$8,334,674	$8,584,714	$8,842,256	$9,107,523	$9,380,749	$9,662,172
$266,959	$274,968	$283,217	$291,714	$300,465	$309,479	$318,763	$328,326	$338,176
$35,064	$35,766	$36,481	$37,210	$37,955	$38,714	$39,488	$40,278	$41,083
$194	$198	$202	$206	$210	$214	$218	$223	$227
$7,392	$7,540	$7,690	$7,844	$8,001	$8,161	$8,324	$8,491	$8,661
$4,353	$4,440	$4,529	$4,619	$4,712	$4,806	$4,902	$5,000	$5,100
$27,756	$28,312	$28,878	$29,455	$30,044	$30,645	$31,258	$31,883	$32,521
$2,771	$2,827	$2,883	$2,941	$3,000	$3,060	$3,121	$3,183	$3,247
$28,751	$29,326	$29,913	$30,511	$31,121	$31,744	$32,379	$33,026	$33,687
$1,697	$1,731	$1,766	$1,801	$1,837	$1,874	$1,911	$1,950	$1,989
$374,938	$385,107	$395,559	$406,302	$417,345	$428,697	$440,365	$452,360	$464,691
$2,309	$2,356	$2,403	$2,451	$2,500	$2,550	$2,601	$2,653	$2,706
$2,771	$2,827	$2,883	$2,941	$3,000	$3,060	$3,121	$3,183	$3,247
$35,249	$35,954	$36,673	$37,407	$38,155	$38,918	$39,696	$40,490	$41,300
$25,220	$25,724	$26,238	$26,763	$27,298	$27,844	$28,401	$28,969	$29,549
$11,103	$11,325	$11,552	$11,783	$12,018	$12,259	$12,504	$12,754	$13,009
$8,961	$9,140	$9,323	$9,509	$9,699	$9,893	$10,091	$10,293	$10,499
$70,259	$71,664	$73,098	$74,560	$76,051	$77,572	$79,123	$80,706	$82,320
$65,297	$66,603	$67,935	$69,294	$70,679	$72,093	$73,535	$75,006	$76,506
$120,438	$122,847	$125,304	$127,810	$130,366	$132,973	$135,633	$138,345	$141,112
$26,840	$27,377	$27,924	$28,483	$29,053	$29,634	$30,226	$30,831	$31,447
$41,058	$41,879	$42,717	$43,571	$44,443	$45,331	$46,238	$47,163	$48,106
$82,761	$84,416	$86,104	$87,827	$89,583	$91,375	$93,202	$95,066	$96,968
$4,153	$4,236	$4,321	$4,408	$4,496	$4,586	$4,677	$4,771	$4,866
$496,420	$506,348	$516,475	$526,805	$537,341	$548,088	$559,050	$570,231	$581,635
$103,749	$105,824	$107,940	$110,099	$112,301	$114,547	$116,838	$119,175	$121,558
$480,949	$490,568	$500,379	$510,387	$520,595	$531,007	$541,627	$552,459	$563,508
$584,698	$596,392	$608,319	$620,486	$632,895	$645,553	$658,464	$671,634	$685,066
$44,602	$45,494	$46,404	$47,332	$48,278	$49,244	$50,229	$51,233	$52,258
$110,855	$113,072	$115,334	$117,641	$119,993	$122,393	$124,841	$127,338	$129,885
$13,000	$13,260	$13,525	$13,796	$14,072	$14,353	$14,640	$14,933	$15,232
$168,457	$171,827	$175,263	$178,768	$182,344	$185,991	$189,710	$193,505	$197,375
$629,200	$641,784	$654,620	$667,712	$681,066	$694,688	$708,581	$722,753	$737,208
$119,341	$121,728	$124,163	$126,646	$129,179	$131,762	$134,398	$137,086	$139,827
$748,541	$763,512	$778,782	$794,358	$810,245	$826,450	$842,979	$859,839	$877,036
$381,915	$389,553	$397,344	$405,291	$413,397	$421,665	$430,098	$438,700	$447,474
$47,899	$48,857	$49,834	$50,831	$51,847	$52,884	$53,942	$55,021	$56,121
$79,285	$80,870	$82,488	$84,138	$85,820	$87,537	$89,287	$91,073	$92,895
$20,974	$21,393	$21,821	$22,258	$22,703	$23,157	$23,620	$24,092	$24,574
$13,857	$14,134	$14,417	$14,705	$14,999	$15,299	$15,605	$15,917	$16,236
$297,623	$303,576	$309,647	$315,840	$322,157	$328,600	$335,172	$341,876	$348,713
$32,492	$33,142	$33,804	$34,480	$35,170	$35,873	$36,591	$37,323	$38,069
$30,670	$31,283	$31,909	$32,547	$33,198	$33,862	$34,539	$35,230	$35,935
$278,461	$284,030	$289,710	$295,505	$301,415	$307,443	$313,592	$319,864	$326,261
$1,183,175	$1,206,838	$1,230,975	$1,255,595	$1,280,706	$1,306,321	$1,332,447	$1,359,096	$1,386,278
$154,758	$157,853	$161,010	$164,231	$167,515	$170,866	$174,283	$177,769	$181,324
$82,351	$83,998	$85,678	$87,391	$89,139	$90,922	$92,741	$94,595	$96,487
$48,260	$49,226	$50,210	$51,214	$52,239	$53,283	$54,349	$55,436	$56,545
$285,369	$291,077	$296,898	$302,836	$308,893	$315,071	$321,372	$327,800	$334,356
$3,841,599	**$3,921,101**	**$4,002,272**	**$4,085,150**	**$4,169,770**	**$4,256,170**	**$4,344,388**	**$4,434,464**	**$4,526,436**
$3,785,808	**$3,935,129**	**$4,089,644**	**$4,249,524**	**$4,414,944**	**$4,586,086**	**$4,763,135**	**$4,946,285**	**$5,135,735**
$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
$3,535,808	**$3,685,129**	**$3,839,644**	**$3,999,524**	**$4,164,944**	**$4,336,086**	**$4,513,135**	**$4,696,285**	**$4,885,735**

City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 28, 2020

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF A PREDEVELOPMENT LOAN OF $400,000 TO WESLEY HOUSING FOR DEVELOPMENT OF PARCVIEW II, A NEW COMMITTED AFFORDABLE RENTAL PROJECT TO BE COLLOCATED WITH PARCVIEW APARTMENTS

ISSUE: A Predevelopment Loan of $400,000 to Wesley Housing to put together a plan to structure and finance a new committed affordable housing development ("Parcview II") using the Residential Multifamily (RMF) Zone to potentially achieve up 354 apartments collocated on the site of the existing Parcview Apartments building.

RECOMMENDATION: That AHAAC recommend that City Council approve a predevelopment loan to Wesley Housing to facilitate predevelopment activities related to Parcview II.

BACKGROUND: In September 2006, City Council approved a loan of $9 million to help Wesley Housing acquire and renovate Parcview Apartments, located at 5380 Holmes Run Parkway, to preserve the property as affordable housing, The project was among several financed through the City's general obligation bond authority. Parcview Apartments was initially developed as Landmark Apartments in 1973 using a federal funding program that enabled deeply affordable rents. The City's 2006 assistance ensured that many long-term residents, including seniors, could remain, and also helped fund a renovation to convert many of the property's one-bedroom units to family sized (2-bedroom) units. The initial fifteen-year tax credit period will expire in 2023: Wesley plans exercise its right to acquire the property from the current tax credit partnership.

As Parcview's future sole owner, Wesley wishes to explore redevelopment of an underutilized portion of the site which currently includes the pool and a portion of the parking lot. By using the Residential Multifamily (RMF) Zone, which allows additional density in exchange for a substantial component of deeply affordable housing, Wesley has preliminarily estimated that it can potentially achieve up to 354 new affordable and workforce units. However, it is interested in working with the City and the community, as well as its development team and counsel to produce a scheme that provides a significant number of new affordable units (200+), as well as amenities that would benefit residents of both Parcview buildings as well as the wider neighborhood. Wesley potentially plans to use a "hybrid" funding model that combines both 4% and 9% tax credits. While a substantial City gap loan is projected, staff believe that the proposed development, once it is right-sized, may also be competitive for

Virginia Housing's Amazon REACH grant funds due to its substantial positive impact in meeting affordable and workforce housing needs.

DISCUSSION: Parcview II is in the earliest planning phases, but the scope and complexity of the proposed transaction, including its development, financing, structuring and coordination with Parcview I, as well as robust outreach with the City and community, will require a significant commitment of resources. In its application, Wesley has pledged to access more than $2 million available through an existing line of credit for anticipated predevelopment expenses, while requesting $400,000 from the City.

While "land banking" was not among the benefits envisioned by the City when it made its original loan to help Wesley acquire Parcview Apartments, financial and regulatory tools subsequently developed pursuant to the Housing Master Plan and other citywide planning processes now allow the City to maximize its prior investment to potentially create several hundred more committed affordable units. In consultation with Wesley and the community, the appropriate size and scope of the new development will be refined through the predevelopment process. It is noted that costs related to the upcoming refinancing and possible renovation of Parcview I are not included in this predevelopment loan request.

FISCAL IMPACT: A predevelopment loan of $400,000 from CIP monies, which will be secured through a loan agreement with Wesley Housing. Assuming the project moves forward, and the City provides a permanent loan, the predevelopment fund amount will be incorporated into the permanent City loan for Parcview II and memorialized in those loan documents. In the unlikely event Parcview II does not proceed, the predevelopment loan will be forgiven.

While Wesley's current timeline indicates a tax credit application being submitted in March 2022, the City will continue to coordinate with the developer regarding its pipeline strategy to ensure that sufficient local, state, tax credit and other resources are in place to make the project as competitive and efficient as possible.

ATTACHMENT: Wesley Housing's Parcview II Predevelopment Loan Application

STAFF:
Emily A. Baker, Deputy City Manager
Helen McIlvaine, Director, Office of Housing
Eric Keeler, Deputy Director, Office of Housing

Application for Pre-Development Funds:
ParcView II Affordable Housing Apartment Building

I. Project Description

ParcView Apartments is an existing 14-story, 149-unit multifamily building in the Landmark area of Alexandria. The 3-acre site is located at 5380 Holmes Run Pkwy, in the West End neighborhood of Alexandria, within minutes of both Old Town Alexandria and Downtown Washington, D.C., and served by multiple bus lines.

The building was built in 1973 and purchased by Wesley Housing in 2006, at which point it underwent moderate renovation work, consisting primarily of upgraded finishes. This was accomplished with the assistance of a $9 million loan from the City of Alexandria to help Wesley preserve an expiring subsidized building serving many low-income seniors. The renovation converted many 1BRs to family-sized units to better respond to City housing needs at that time.

The site includes free off-street parking, a fitness center, an in-ground pool (currently not in use), laundry facilities, and a secure entryway. The building sits on a 3-acre lot, surrounded by surface parking and the aforementioned pool.

The lot's current zoning designation allows for a 1.25 FAR, allowing for a maximum density of 164 units. Wesley Housing believes, however, that this site is a prime candidate for the new RMF zone, given its most notable characteristics – namely, an ageing affordable multi-family building, abundant yet under-utilized land, and a central and transit-rich location. Once rezoned to RMF, the ParcView site could potentially accommodate up to an additional 354 units. Wesley Housing would like to take advantage of this rezoning opportunity to redevelop the ParcView Apartments site through a master planning effort, aimed at increasing density and improving existing conditions.

Accordingly, we are proposing to erect a new affordable apartment building on the site while preserving, and eventually fully renovating, the existing one. While Wesley Housing envisions creating a vibrant community with a varied mix of family sizes, income tiers and age groups, our team is currently working to identify the ideal unit count, unit mix, and population targets based on market realities and funding opportunities. The details provided in the next sections represent extremely early projections that are likely to evolve in the future. For the purpose of these projections we are assuming feasibility on an approximate 291-unit new construction building.

The short-term goal of the project, centered around the construction of the new building on site, is to respond to the pressing need for affordable housing options in the City of Alexandria for families of any composition and individuals of all ages. Equally importantly, this initiative will be providing new housing in an equitable manner, by locating these families and individuals in a high-resource and desirable area of the City. Our 'medium-term' goal, focused on the renovation of the existing Parkview Apartments building, is to preserve the existing affordable housing stock in the City and improve an asset that Wesley believes can serve its community for many decades still. In the long run, Wesley sees this as an opportunity to strengthen its partnership with the City, help further the City's Master Plan goals of equitable development and sufficient economic opportunity, and pave the way for more high-quality affordable housing in the City and region.

II. Predevelopment Funds Use/Budget

Predevelopment funds awarded by the City will be used for a range of predevelopment activities. These activities include but are not limited to: preparing, submitting, and administering the Development Special Use Permit Process (DSUP); preparing and submitting a Low Income Housing Tax Credit (LIHTC) application; funding the architecture and engineering work required to apply for the DSUP and LIHTC application; and legal expenses associated with the entitlement and financing processes.

The request is for a $400,000 predevelopment loan from the City of Alexandria. The remainder of the predevelopment budget will be funded from an existing Wesley line of credit that carries a higher cost of funds. The following predevelopment budget is solely for an assumed 291-unit new construction presumed 9%/4% hybrid project. It is important to note that for the purpose of the following budget, we have excluded many of the big dollar fees for Utility undergrounding, City bonds and tap fees that are usually paid very close to the construction loan closing and sometimes may be paid out of other committed sources since there are outstanding for a shorter period of time. In addition, this budget does not include the predevelopment costs associated with the renovation project for the existing 149-unit tower.

Predevelopment Sources – 291 unit New Construction	
	Sources
City of Alexandria Predevelopment Loan	$400,000
Wesley Line of Credit	$2,325,000
Total Predevelopment Sources	**$2,725,000**

Summarized Uses	
	Uses
Design, Engineering and Architecture	
Phase I – Conceptual	$75,000
Phase II – Entitlement/Schematic (to LIHTC App)	$375,000
Phase III – DDs/CDs (to Closing)	$1,500,000
Owner's Construction Costs, Professional Services and Fees	$475,000
Financing Costs	$300,000
Total Uses	**$2,725,000**

III. Project Budget

Following is an extremely preliminary sources and uses for the 291-unit new construction project. This budget is based on Wesley prior experience and reasonable assumptions. The building program and costs need to be further developed in consultation with experienced architects, engineers, general contractors, lawyers and other consultants. This conceptual budget assumes an investment of approximately $112,000 per unit from the City.

	Combined Totals		Phase I - 9% (145 Units)		Phase II - 4% (146 Units)	
	Sources	Per Unit				
Tax Credit Equity	$40,440,571	$138,971	$24,664,765	$170,102	$15,775,806	$108,053
First Mortgage	$35,942,351	$123,513	$17,506,074	$120,732	$18,436,277	$126,276
City of Alexandria Loan	$32,500,000	$111,684	$12,500,000	$86,207	$20,000,000	$136,986
Seller Note	$0	$0	$0	$0	$0	$0
Other Subordinate Loan(s)	$3,200,000	$10,997	$1,500,000	$10,345	$1,700,000	$11,644
Deferred Developer Fee	$2,701,016	$9,282	$1,317,809	$9,088	$1,383,207	$9,474
Total Permanent	**$114,783,938**	**$394,447**	**$57,488,648**	**$396,473**	**$57,295,290**	**$392,433**
Summarized Uses						
	Uses	**Per Unit**	Uses	Per Unit		
Acquisition Costs	$5,345,193	$18,368	$ 2,663,498	$ 18,369	$ 2,681,695	$ 18,368
Construction Costs	$87,081,750	$299,250	$ 43,391,250	$ 299,250	$ 43,690,500	$ 299,250
Architecture and Engineering	$3,197,320	$10,987	$ 1,584,390	$ 10,927	$ 1,612,930	$ 11,047
Owner's Construction Costs	$6,534,540	$22,455	$ 3,256,110	$ 22,456	$ 3,278,430	$ 22,455
Professional Services	$364,200	$1,252	$ 181,920	$ 1,255	$ 182,280	$ 1,248
Financing Costs	$4,393,679	$15,099	$ 2,491,888	$ 17,185	$ 1,901,791	$ 13,026
Partnership Costs	$215,000	$739	$ 107,500	$ 741	$ 107,500	$ 736
Operating and Carrying Costs	$491,790	$1,690	$ 245,050	$ 1,690	$ 246,740	$ 1,690
Reserves and Escrows	$2,504,466	$8,606	$ 1,247,042	$ 8,600	$ 1,257,424	$ 8,612
Developer's Fee	$4,656,000	$16,000	$ 2,320,000	$ 16,000	$ 2,336,000	$ 16,000
Total Uses	**$114,783,938**	**$394,447**	**$57,488,648**	**$396,473**	**$57,295,290**	**$392,433**
Excess (GAP) Permanent	**$0**	**$0**	**($0)**	**($0)**	**$0**	**$0**

IV. Project Schedule

Milestone	Date
Engage A&E Team	September 2020
Complete Schematic Design	December 2020
Submit for DSUP and City Loan	December 2020
Achieve City Council Approval of DSUP and City Loan	January 2022
Submit LIHTC application	March 2022
Awarded tax credits	June 2022
Complete DD/CDs and Final Civil Engineering Plan and Permit Approvals	June 2022 – May 2023
Construction Loan Closing / Start construction	June 2023
Complete construction	December 2024

V. Organizational Structure and Capacity

Wesley Housing's connection to the City of Alexandria is significant and meaningful. First, the organization had its first offices at Fairlington Methodist Church at 3900 King Street (across the street from the FPC site discussed here). Over our 46 year history, we have developed and managed high-quality affordable housing properties in the City. Wesley Housing has acquired and rehabilitated three Alexandria properties: the original ParcView Apartments (5380 Holmes Run Parkway), Beverly Park (613 Notabene Drive) and Lynhaven Apartments (3521 Commonwealth Avenue). Broadly speaking, Wesley Housing has developed over 2,300 units and currently manages more than 1,280 apartment homes in the Washington, DC region.

In addition to property rehabilitations, Wesley Housing has significant experience in new construction projects like the one proposed here. These include 79 apartments for seniors in Manassas (Quarry Station) and 88 apartments for seniors and people with disabilities in Herndon (Coppermine Place), 193 mixed-income apartments in Arlington (Union on Queen), and 82 apartments for seniors in McLean (The Fallstead). Most recently, we have broken ground on The Arden, 126 units of affordable housing by the Huntington Metro and future home of Wesley's offices, and have completed an early acquisition closing on The Waypoint, 81 units of affordable housing in the Fairlington neighborhood.

VI. <u>Attachments</u>

The following items are included with this application:

a) IRS determination letter granting organization 501(c)(3) non-profit status
b) Employer Identification Number
c) Articles of Incorporation and Bylaws
d) State Corporation Commission Certificate of Good Standing
e) CHDA Certification – *not applicable*
f) Audited financing statements for the past year
g) Current balance sheet/statement of financial position
h) Last year's federal tax returns/990s

City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 28, 2020

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF A PREDEVELOPMENT LOAN OF $500,000 TO AHDC FOR AN ARLANDRIA PROJECT THAT INCLUDES AFFORDABLE RENTAL HOUSING AND A MIX OF COMMUNITY-SERVING USES

ISSUE: A predevelopment loan of $500,000 to AHDC to advance its work to structure, finance, obtain entitlements and develop a mixed-use project in Arlandria containing approximately 375 new committed affordable and workforce units for households with incomes ranging from 40-80% AMI.

RECOMMENDATION: That AHAAC recommend that City Council approve the predevelopment loan.

BACKGROUND: The Alexandria Housing Development Corporation (AHDC), which works exclusively in the City of Alexandria to develop and preserve housing affordability, is in the process of assembling four privately-owned parcels in Arlandria, at the corner of W. Glebe Road and Mount Vernon Avenue, as well as one adjacent City-owned lot, to develop two mixed-use buildings that would provide a substantial number of new committed affordable rental units (approximately 375) for households with incomes ranging from 40-80% of the Area Median Income (AMI).

AHDC's preliminary development concept includes two separate mixed-use buildings. Both buildings are being designed with non-residential ground floor space that AHDC hopes to occupy with community-based uses (e.g. nonprofit/community-focused organizations, community recreation center and/or city services satellites, small businesses, and service providers, as well as local/neighborhood-oriented retail and restaurants) and four to five stories of affordable, multifamily rental units above. Each building will have one or two levels of below grade parking.

Leveraging the City's ongoing Mount Avenue Corridor/Arlandria planning initiative and community engagement to help inform its development plans, AHDC will submit a Concept One Plan later this Fall, with the goal of obtaining entitlements in time to apply for March 2022 tax credits and start construction later that year. The project would add critically needed committed affordable housing resources to this community.

DISCUSSION: AHDC's proposed redevelopment of an aging and underutilized strip shopping center with a vibrant mixed-use development combining housing, that offers a range of affordability including a large component of 40% AMI units, with a mix of community-serving commercial uses, presents an exciting opportunity to convert an iconic location into a place that redefines the neighborhood's vision of itself, while holding space for those who call Arlandria home.

The scope, complexity and deep levels of affordability proposed in the development being conceived and structured by AHDC assume a significant commitment of City resources. The preliminary proforma, which is intentionally very conservative, estimates the total gap at more than $35 million, necessitating a multilayered financial package that includes first trust debt and soft monies from non-City sources. Among those identified by AHDC are low-income housing tax credit equity (a hybrid model, combining 4 and 9% credits is being studied), Virginia and/or National Housing Trust Funds, Virginia Housing Amazon Impact Funds, new markets tax credits, Federal Home Loan Bank Affordable Housing grant funds, and deferred developers fees, among others. AHDC also anticipates a mezzanine loan allowing the current private property owner to remain part of the project as part of the financing package.

FISCAL IMPACT: A predevelopment loan of $500,000 from CIP monies. The loan will be incorporated into the permanent City loan if the project moves forward. If it does not, the predevelopment loan will be forgivable. AHDC anticipates that approximately $17 million or more in permanent City financing will be required. There may be significant potential opportunities to reduce the gap as the predevelopment work moves forward, and there may be options AHDC and the City can explore to manage the timing of the City's investment by phasing aspects of the project.

ATTACHMENTS:
AHDC Predevelopment Loan Application

STAFF:
Emily A. Baker, Deputy City Manager
Helen McIlvaine, Director, Office of Housing
Eric Keeler, Deputy Director, Office of Housing

August 26, 2020

Ms. Helen McIlvaine
Director, Office of Housing
421 King Street, Suite 200
Alexandria, Virginia 22314

Re: Arlandria Pre-development loan application

Alexandria Housing Development Corporation (AHDC) is pleased to present this application to the City of Alexandria (City) for a predevelopment loan of $500,000 for a future project located the Arlandria neighborhood of Alexandria. AHDC has signed a letter of intent with the owner of 221. West Glebe Rd and 3610-3612 Mt. Vernon Avenue. We are currently negotiating a purchase and sale agreement that we plan to finalize in September. In addition, our current development proposal would include a City parcel located at 3700 Mt. Vernon Ave. Attached to this letter is a project description and very preliminary sources and uses to provide additional details of the project.

We have been working with the private owner over the past several months and have a identified a potential strategy that will allow the current owner to remain in the deal as a lender. While we are very early in our design process, we are currently anticipating the construction of two buildings that combined will allow us to construction approximately 375 units. Our current vision is to deliver all those units at affordable levels under 80% AMI with the majority under 60% AMI. As you will see in the project description, we are also anticipating several units at 40% AMI which we know are in high demand in the neighborhood. In addition, we are exploring various options for the any ground floor commercial space that will allow that will best serve the community.

AHDC is excited to have an opportunity to continue our partnership with the City of Alexandria and work on a project of such scale in the Arlandria neighborhood. We still have a lot to discuss, design and learn as we continue through the process. We envision a process over the next year that will allow us to work with the community and design a project that meets the needs of the Arlandria neighborhood as they continue to face development pressure and the fallout from the COVID-19 pandemic.

AHDC is currently planning to submit a concept one development plan to the City this Fall with the goal of receiving entitlements for the site by the end of 2021. This schedule will allow AHDC to be ready to submit for an allocation low income housing tax credits as well as other funding sources in 2022.

If you have any questions regarding this application, please do not hesitate to contact me at 703-739-7775 or at jfrederick@housingalexandria.org .

Sincerely,

Jonathan D Frederick

Jonathan D Frederick
President

CC: Eric Keeler, Deputy Director, City of Alexandria Office of Housing

W. Glebe Rd & Mt Vernon Ave Development

Project Description

AHDC is currently in negotiation to acquire and redevelop four parcels of land at the intersection of W. Glebe Road and Mt. Vernon Avenue in the Arlandria neighborhood. The development plan envisions two separate mixed-use buildings. Both buildings are being designed with a configuration of nonresidential - office, retail and/or community space - on the ground floors and four to five stories of affordable, multifamily rental units above. Each building is also being planned for one or two levels of below grade parking.

AHDC is planning to submit a Concept 1 Plan in Q4 of 2020 with the goal of obtaining final entitlements by the end of 2021 and beginning construction mid to late 2022.

Property/Site Description

The assemblage includes four parcels total. Three of the parcels are privately owned by the same owner and the fourth parcel – 3700 Mt. Vernon Ave – is owned by City of Alexandra. Please refer to Ex. A for an aerial view of the site(s).

<u>221 W. Glebe Rd (privately owned)</u>

- Approximately 103,000 SF (2.36 acres)
- Formerly Safeway, current tenants include Sherwin Williams and restaurant El Cuscatleco

<u>3610 & 3612 Mt. Vernon Ave (privately owned)</u>

- Approximately 15,000 SF (0.34 acres)
- Currently surface parking and unimproved land

<u>3700 Mt. Vernon Ave (City owned)</u>

- Approximately 15,000 SF (0.34 acres)
- Currently surface parking

Development Plan

AHDC envisions developing a mixed-use building on the 221 W. Glebe parcel and another smaller mixed-use building on the Mt Vernon Avenue parcels.

<u>221 W. Glebe Rd – Building #1</u>

The preliminary concept for this building includes approximately 270,000 SF of multifamily residential and 40,000 SF of nonresidential space. The ground floor will be a concrete podium with the floors above built as wood-framed construction. The building will include one to two levels of structured parking at/or below grade.

AHDC is currently evaluating the best use for the nonresidential space. Potential options include office space for nonprofit/community-focused organizations, small businesses, and service providers, as well as local/neighborhood-oriented retailers.

3610 – 3700 Mt. Vernon Ave – Building #2

The preliminary concept for this building includes approximately 80,000 SF of multifamily residential and 10,000 SF of nonresidential space. The ground floor will be a concrete podium with the floors above built as wood-framed construction. The building will include one level of below-grade parking.

Similar to Building #1, AHDC is considering uses for the nonresidential space that will serve the residents of the multifamily buildings and the surrounding community.

Ownership Structure & Financing Plan

AHDC has an LOI in place with the owner of the three privately owned parcels and is negotiating a purchase agreement. AHDC is also in discussion with the City regarding the fourth parcel. The two planned buildings will have separate ownership structures and financing plans.

We anticipate using the Low-Income Housing Tax Credit Equity program for both projects, with Building #1 using 4% LIHTC equity and Building #2 using 9% LIHTC equity. Other anticipated sources of financing include a conventional first trust mortgage, City of Alexandria subordinated debt, Virginia and/or National Housing Trust Funds, Virginia Housing Amazon Impact Funds, new markets tax credits, Federal Home loan Bank Loan and any other sources to the extent available. AHDC is also contemplating a mezzanine loan which would allow the seller to remain part of the project as part of the financing for Building #1.

Target Population

AHDC's development plan is for both multifamily buildings to be 100% affordable with affordability levels between 40% - 80% AMI with a significant portion of the units at 40% AMI. AHDC envisions a mix of studio, 1BR, 2BR, and 3BR unit types. For a breakdown of the mix of unit types and AMI levels please refer to the financial summaries attached. Based on AHDC's preliminary concept, Building #1 will include 275 – 285 units and Building #2 will include 70-80 units.

Project Schedule

AHDC's preliminary schedule is to begin construction on Building #1 in mid to late 2022 and Building #2 in late 2022 / early 2023. We are estimating a two-year construction schedule for Building #1 and 18-20 months for Building #2, with both projects completed in mid to late 2024.

December 2021	Final approval of entitlements
March 2022	Submission of 9% Tax Credit Application for Building #2
July 2022	Award of 9% Tax Credits for Building #2
Q3 2022	Land Acquisition Closing and Construction Start on Building #1
Q4 2022 / Q1 2023	Construction Start on Building #2
Summer/Fall 2024	Construction Completion for both Buildings #1 and #2.

Exhibit A – Site Plan

Glebe Rd - Mt Vernon 9/4 LIHTC
Summary (R1)
8/25/2020

Project 1 - Glebe Road - 4% Tax Credits/Tax Exempt Bonds

Sources			Uses	
Equity			**Development Costs**	
Tax Credit Equity (4%)		40,469,058	Acquisition	12,825,000
			Architecture & Engineering	4,102,792
			Legal	746,785
Debt			Fees, Permits & Utilities	3,438,471
First Trust Debt		44,000,000	Other/Miscellaneous	2,993,567
		-	Financing Costs	5,825,488
		-	Reserves	3,031,479
Mezzanine Loan		11,557,500	Construction Costs	90,282,938
Gap Financing		30,219,962	Developer Fee	3,000,000
Deferred Developer Fee	0%	-		
Total Sources	**$**	**126,246,520**	**Total Uses**	**$ 126,246,520**
			Surplus/(Deficit)	-
Permanent Debt	$	44,000,000		
Annual Debt Service	$	2,071,020	Total Cost / Unit	442,970
Terms (Years)		40	Hard Cost / Unit	316,782
Interest Rate		3.57%	Soft Cost / Unit	126,188

Unit Type / Affordability Mix

	%	No. Units		%	No. Units
Efficiency	0%	0	30% AMI	0%	0
One Bed	49%	140	40% AMI	30%	85
Two Bed	42%	120	50% AMI	0%	0
Three Bed	9%	25	60% AMI	40%	115
Four Bed	0%	0	80% AMI	30%	85
			100% AMI	0%	0
Total Units	**100%**	**285**	**Total**	**100%**	**285**

Project Schedule

Purchase/Dev Start	07/01/22
Completion/Opening Date	07/01/24
Const Period (Months)	24
Lease-up Period (Months)	12
Perm Loan Conversion Date	12/31/24

Income & Operating Expenses

Revenue	
Potential Gross Income	5,142,033
Less: Vacancy Allowance	(257,102)
Effective Gross Income	**4,884,931**
Other Income	175,275
Total Income	**5,060,206**
Operating Expenses	
Administration	489,985
Payroll	508,499
Utilities	162,005
Supplies & Services	252,610
Maintenance	275,190
Taxes, Insurance & Escrows	751,332
Total Operating Expenses	**2,439,621**
Replacement Reserves	93,428
Net Operating Income	**2,527,157**
DSCR	**1.22**
OpEx per unit	**8,888**

Glebe Rd - Mt Vernon 9/4 LIHTC
Summary (R2)
8/25/2020

Project 2 - Mt. Vernon Ave - 9% LIHTC

Sources			Uses	
Equity			**Development Costs**	
Tax Credit Equity (9%)		22,497,750	Acquisition	3,465,000
			Architecture & Engineering	1,236,746
			Legal	498,114
Debt			Fees, Permits & Utilities	993,481
First Trust Debt		9,750,000	Other/Miscellaneous	1,923,088
		-	Financing Costs	1,863,452
		-	Reserves	705,441
Gap Financing		6,242,396	Construction Costs	27,037,325
COA Land		1,732,500	Developer Fee	2,500,000
Deferred Developer Fee	0%	-		
Total Sources	**$**	**40,222,646**	**Total Uses**	**$ 40,222,646**
			Surplus/(Deficit)	-
Permanent Debt	$	9,750,000		
Annual Debt Service	$	472,019	Total Cost / Unit	522,372
Terms (Years)		40	Hard Cost / Unit	351,134
Interest Rate		3.76%	Soft Cost / Unit	171,238

Unit Type / Affordability Mix

	%	No. Units		%	No. Units
Efficiency	10%	8	30% AMI	0%	0
One Bed	5%	4	40% AMI	10%	8
Two Bed	74%	57	50% AMI	40%	31
Three Bed	10%	8	60% AMI	49%	38
Four Bed	0%	0	80% AMI	0%	0
			100% AMI		0
Total Units	**100%**	**77**	**Total**	**100%**	**77**

Project Schedule	
Purchase/Dev Start	01/01/23
Completion/Opening Date	07/01/24
Const Period (Months)	18
Lease-up Period (Months)	6
Perm Loan Conversion Date	10/31/24

Income & Operating Expenses	
	Yr 1 Stabilized
Revenue	
Potential Gross Income	$1,319,571
Less: Vacancy Allowance	(65,979)
Effective Gross Income	**1,253,593**
Other Income	49,590
Total Income	**1,303,183**
Operating Expenses	
Administration	129,504
Payroll	169,302
Utilities	43,770
Supplies & Services	68,249
Maintenance	74,350
Taxes, Insurance & Escrows	211,618
Total Operating Expenses	**696,792**
Replacement Reserves	25,242
Net Operating Income	**581,149**
DSCR	**1.23**
OpEx per unit	**$ 9,377**

Glebe Rd - Mt Vernon 9/4 LIHTC
Summary (Consolidated)
8/25/2020

Sources			Uses	
Equity			**Development Costs**	
Tax Credit Equity		62,966,808	Acquisition	16,290,000
		-	Architecture & Engineering	5,339,537
		-	Legal	1,244,900
Debt			Fees, Permits & Utilities	4,431,951
First Trust Debt		53,750,000	Other/Miscellaneous	4,916,655
			Financing Costs	7,688,940
			Reserves	3,736,920
Mezzanine Loan		11,557,500	Construction Costs	117,320,263
Gap Financing		36,462,358	Developer Fee	5,500,000
COA Land		1,732,500		
Deferred Developer Fee	0%	-		
Total Sources		**$ 166,469,166**	**Total Uses**	**$ 166,469,166**
			Surplus/(Deficit)	-
Permanent Debt		$ 9,750,000		
Annual Debt Service		$ 472,019	Total Cost / Unit	459,860
Terms (Years)		40	Hard Cost / Unit	12,243
Interest Rate		3.76%	Soft Cost / Unit	447,617

Project Schedule	
Purchase/Dev Start	07/01/22
Comm Operating Date	07/01/24
Const Period (Months)	24
Lease-up Period (Months)	
Perm Loan Conversion Date	

Income & Operating Expenses		
		Yr 1 Stabilized
Revenue		
Potential Gross Income		
Less: Vacancy Allowance		
Effective Gross Income		-
Other Income		
Total Income		-
Operating Expenses		
Administration		
Payroll		
Utilities		
Supplies & Services		
Maintenance		
Taxes, Insurance & Escrows		
Total Operating Expenses		-
Replacement Reserves		
Net Operating Income		
DSCR		**0.00**
OpEx per unit (excl RR)	**$**	**-**

Unit Type / Affordability Mix					
	%	**No. Units**		**%**	**No. Units**
Efficiency	2%	8	30% AMI	0%	0
One Bed	40%	144	40% AMI	26%	93
Two Bed	49%	177	50% AMI	9%	31
Three Bed	9%	33	60% AMI	42%	153
Four Bed	0%	0	80% AMI	23%	85
			100% AMI		0
Total Units	**100%**	**362**	**Total**	**100%**	**362**

City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 28, 2020

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF A PREDEVELOPMENT LOAN OF $250,000 TO AHDC FOR A NEW PROJECT THAT COMBINES AFFORDABLE RENTAL HOUSING, AFFORDABLE HOMEOWNERSHIP OPTION AND A COMPONENT OF PERMANENT SUPPORTIVE HOUSING FOR ALEXANDRIANS WITH DEVELOPMENTAL DISABILITIES

ISSUE: Predevelopment loan to AHDC to facilitate development of a new project with affordable rental housing as well as affordable homeownership options, including some units to house persons with developmental and/or intellectual disabilities.

RECOMMENDATION: That AHAAC recommend City Council approve the predevelopment loan.

BACKGROUND: As the refinancing and rehabilitation of Bellefonte Apartments progresses toward completion, AHDC is working again with Sheltered Homes of Alexandria (SHA) to assemble three parcels located at 4547, 4555 and 4575 Seminary Road to develop a project that would include a small affordable rental building (approximately 40 units) proposed to be partially funded with equity from competitive tax credits through the nonprofit pool, and a small townhome/condominium development (approximately 15 units) that would offer affordable homeownership options as well as incorporate four units that provide permanent supportive housing for up to 16 current SHA residents.

The parcels currently include a single-family home owned by SHA and operated as a group home for intellectually and/or developmentally disabled clients, a single family home that is privately owned on which AHDC has a purchase option agreement in place, and a vacant/unimproved parcel owned by City of Alexandria that provides access to City-preserved open space. AHDC is in discussion with the City to include this parcel with the understanding there would be no net loss in open space, and access to the existing open space would be improved for visitors.

DISCUSSION: The proposed project offers a neighborhood-sensitive plan that delivers both affordable rental housing and affordable homeownership options for households with workforce level incomes, a largely unmet local housing need. It also allows SHA to replace its existing group home and expand housing options to serve other residents with four housing units which incorporate current housing best practices that enable persons with developmental and/or intellectual disabilities to live as independently as possible within the community.

The homeownership component of the project may be able to utilize resources enabled through the City's flexible homeownership affordability program. VHDA has also prioritized homeownership among its current strategic initiatives, so Amazon REACH grant funds may also be available to close the projected gap.

The rental portion of the project is anticipated to be ready to apply for low income housing tax credits in FY 2022, however, the City may explore with AHDC how and when this project fits most strategically in its short to mid-term pipeline.

FISCAL IMPACT: Because of the smaller number of housing units to be produced, AHDC is requesting $250,000 as a predevelopment loan. The loan is forgivable if the project does not move forward.

ATTACHMENTS:
AHDC Predevelopment Loan for Seminary Road Project

STAFF:
Emily Baker, Deputy City Manager
Helen McIlvaine, Director, Office of Housing
Eric Keeler, Deputy Director, Office of Housing

ALEXANDRIA HOUSING DEVELOPMENT CORPORATION

August 26, 2020

Ms. Helen McIlvaine
Director, Office of Housing
421 King Street, Suite 200
Alexandria, Virginia 22314

Re: Seminary Road Pre-development loan application

Alexandria Housing Development Corporation (AHDC) is pleased to present this application to the City of Alexandria (City) for a predevelopment loan of $250,000 for a future project located at 4547 – 4575 Seminary Road. AHDC has signed a purchase option for the one-acre parcel located at 4555 Seminary Road and the other two parcels are owned by Sheltered Homes of Alexandria (SHA) and the City of Alexandria, respectively. We have been working with SHA over the past several months and we are currently working on a letter of intent that will formalize this partnership.

The three parcels combined equate to approximately three acres and AHDC's goal would be to consolidate the three parcels and develop a affordable multi-family building consisting of approximately 40 units along with a smaller townhouse style project that would include approximately 15 townhouse style units. The townhouse style units would be sold to first time homeowners as part of an affordable homeownership program. As part of the 15 townhouse units we would include 3 units for SHA to allow them to continue to serve their clients on the site.

AHDC is excited to continue our partnership with SHA and we think this is a great opportunity to use land already serving their clients to expand affordable housing opportunities in the City. While we are still working on a preliminary design for the project we believe a modest multi-family building along with the townhouse project will be a great complement and transition project of the neighborhood and provide a "missing middle" design and add to the City's affordable housing options.

AHDC is currently planning to submit a concept one development plan to the City this Fall with the goal of receiving entitlements for the site by the end of 2021. This schedule will allow AHDC to be ready to submit for an allocation low income housing tax credits as well as other funding sources in 2022.

If you have any questions regarding this application, please do not hesitate to contact me at 703-739-7775 or at jfrederick@housingalexandria.org

Sincerely,

Jonathan D Frederick
President

CC: Eric Keeler, Deputy Director, City of Alexandria Office of Housing

<u>Seminary Road Development</u>

Project Description
AHDC is currently negotiating to acquire and redevelop three adjoining properties in the Seminary Hill neighborhood on Seminary Road between N. Pickett and N. Jordan streets. The proposed development envisions a multifamily, rental building of approximately 40 units along with approximately 15 townhomes/condominium units. AHDC plans to develop both the multifamily building and the townhomes/condos as affordable.

AHDC intends to submit a Concept 1 Plan in October with the goal of obtaining final entitlements by mid to late 2021. The development team is planning the multifamily building as three to four story, wood framed construction and the townhomes as three story, wood framed construction. No below grade parking is currently envisioned.

Property/Site Description
The three parcels included in the proposed assemblage have separate owners. The combined total of the parcels is approximately 2.7 acres. AHDC plans to request a rezoning of the parcels to allow the proposed development.

<u>4547 Seminary Rd</u>
Single-family home owned by Sheltered Homes of Alexandria, Inc. SHA currently operates a group home for intellectually and/or developmentally disabled clients. AHDC is negotiating to acquire the parcel from SHA and in exchange SHA will be conveyed ownership of multiple units within the townhomes/condo portion of the project.

<u>4555 Seminary Rd</u>
Single-family home owned by private owner. AHDC has a purchase option agreement in place.

<u>4575 Seminary Rd</u>
Vacant/unimproved land owned by City of Alexandria. AHDC is in discussion with the City to include this parcel with the understanding there would be no net loss in open space.

Ownership Structure & Financing Plan
AHDC anticipates the multifamily building and townhomes having separate ownership structures and financing plans.

The multifamily building will be financed using the 9% Low Income Housing Tax Credit Equity program. AHDC plans to submit a 2021 tax credit application to Virginia Housing. Other anticipated sources of financing in addition to the LIHTC equity include a conventional first trust mortgage and City of Alexandria subordinated debt. AHDC will also pursue other financings sources such as the Virginia and/or National Housing Trust Funds and grants to the extent available.

Three of the townhomes are planned to be conveyed to SHA as consideration for the land value of 4547 Seminary Rd. SHA plans to utilize these units for their existing program and clients living in the single-family home currently. AHDC plans to develop and market the remaining townhomes as for-sale, affordable units. AHDC envisions financing the development costs through a conventional construction loan, City of Alexandria subordinated debt, and will pursue other gap financing sources to the extent available.

Please refer to the attached financial summaries for preliminary estimates of the sources and uses for both the multifamily building and townhomes.

Target Population

The multifamily building will target affordability levels between 40% to 60% AMI and feature a mix of 1BR, 2BR and 3BR unit types. A preliminary breakdown of the proposed mix of unit types and AMI levels is provided on the attached financial summary.

The townhome units conveyed to SHA are being planned as 4BR units. The remaining units are being planned as a mix of 2BR and 3BR units. AHDC's goal for the townhomes is to provide homeownership opportunities for households at or below 80% AMI. AHDC believes this can be accomplished through a combination of homeownership programs currently offered by The Office of Housing and Virginia Housing such as down payment assistance and first-time homebuyer loans. Please refer to the Sales Price Analysis attached for estimates of potential sales prices based on preliminary financing assumptions.

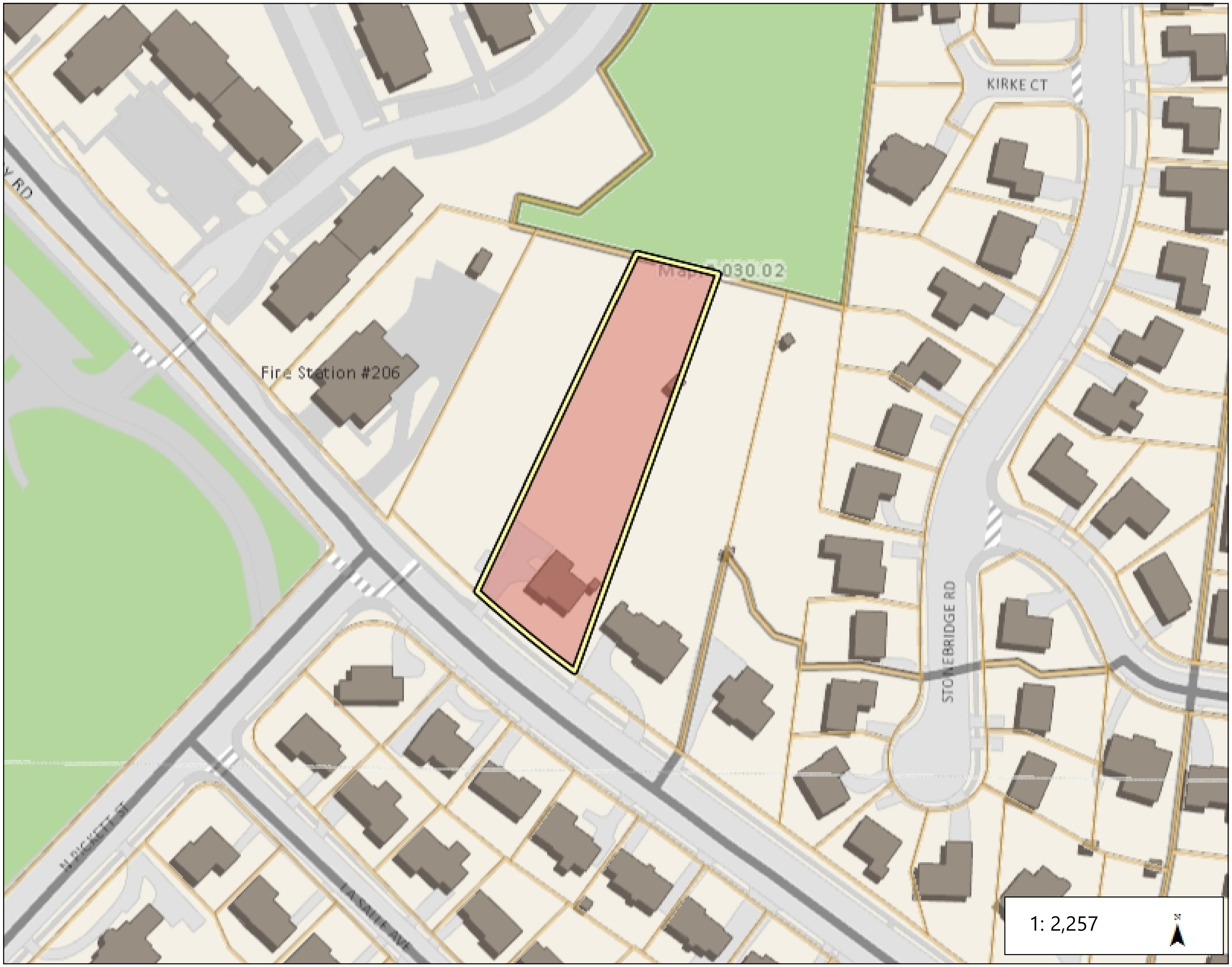
Project Schedule

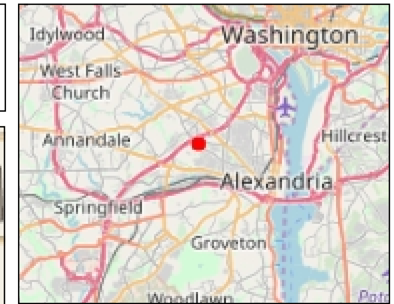
AHDC's preliminary project schedule is to begin construction in late 2022 with a project completion in the summer of 2024.

December 2021	Approval of entitlements
March 2022	Submission of 9% Tax Credit Application
July 2022	Award of 9% Tax Credits
November 2022	Acquisition Closing and Construction Start
June / July 2024	Construction Completion

City of Alexandria, Virginia

4555 Seminary Road Alexandria, VA





Legend

- Tax Map Index
- Parcels
- Blocks
- Metro Stations
- Metro Lines
  - Blue
  - Yellow
  - Yellow Blue
- City Boundary
- Rail Lines
- Parcels
- Buildings
- Surface Water
- Streams
- Parks
- City of Alexandria

Notes

376.2 0 188.08 376.2 Feet

WGS_1984_Web_Mercator_Auxiliary_Sphere
City of Alexandria, VA

Seminary Rd - Multifamily Rental
Summary
8/24/2020

Sources			Uses		
Equity			**Development Costs**		
Tax Credit Equity		8,999,100	Acquisition & Financing Costs		2,871,385
Sponsor Equity		-	Development Soft Costs		3,185,762
			Construction Costs		10,885,076
Debt			Developer Fee		1,355,378
First Trust Debt		4,150,000			
		-			
		-			
Gap Financing		4,470,811			
Deferred Developer Fee	50.0%	677,689			
Interim Income		-			
Total Sources	$	**18,297,600**	**Total Uses**	$	**18,297,600**
			Surplus/(Deficit)		0
Permanent (First Trust) Debt	$	4,150,000			
Annual Debt Service	$	195,425	Total Cost / Unit		457,440
Terms (Years)		35	Hard Cost / Unit		33,884
Interest Rate		3.13%	Soft Cost / Unit		423,556

Project Schedule	
Development Start	11/01/22
Community Opening	06/01/24
Construction Period (Months)	18
Lease-up Period (Months)	4
Perm Loan Conversion	08/30/24

Income & Operating Expenses		
		Yr 1 Stabilized
Revenue		
Potential Gross Income		$683,424
Less: Vacancy Allowance	5%	(34,171)
Effective Gross Income		**649,253**
Other Income		-
Total Income		**649,253**
Operating Expenses		
Adminstration		76,775
Maintenance Expenses		39,181
Supplies & Services		43,169
Utilities		73,639
Taxes & Insurance		77,837
Payroll Expenses		90,578
Contingency		-
Total Operating Expenses		**401,179**
Replacement Reserves		12,000
Net Operating Income		**236,074**
DSCR		**1.21**
OpEx per unit (excl RR)	$	**10,029**

Unit Type / Affordability Mix

	%	No. Units		%	No. Units
Efficiency	0%	0	30% AMI	0%	0
One Bed	20%	8	40% AMI	10%	4
Two Bed	50%	20	50% AMI	40%	16
Three Bed	30%	12	60% AMI	50%	20
Four Bed	0%	0	80% AMI	0%	0
			100% AMI	0%	0
Total Units	**100%**	**40**	**Total**	**100%**	**40**

Seminary Rd - Multifamily Rental
CF (Annual)
8/24/2020

Year		1	2	3	4	5	6	7	8	9	10	11	12	13
Revenue														
Rental		683,424	700,510	718,022	735,973	754,372	773,232	792,562	812,376	832,686	853,503	874,840	896,712	919,129
Vacancy		34,171	35,025	35,901	36,799	37,719	38,662	39,628	40,619	41,634	42,675	43,742	44,836	45,956
Total Revenue		649,253	665,484	682,121	699,174	716,654	734,570	752,934	771,758	791,051	810,828	831,098	851,876	873,173
Expense														
Adminstration		76,775	79,078	81,451	83,894	86,411	89,004	91,674	94,424	97,257	100,174	103,179	106,275	109,463
Maintenance Expenses		39,181	40,356	41,567	42,814	44,098	45,421	46,784	48,187	49,633	51,122	52,655	54,235	55,862
Supplies & Services		43,169	44,464	45,798	47,172	48,587	50,045	51,546	53,093	54,686	56,326	58,016	59,756	61,549
Utilities		73,639	75,849	78,124	80,468	82,882	85,368	87,929	90,567	93,284	96,083	98,965	101,934	104,992
Taxes & Insurance		77,837	80,172	82,577	85,054	87,606	90,234	92,941	95,729	98,601	101,559	104,606	107,744	110,977
Payroll Expenses		90,578	93,295	96,094	98,977	101,946	105,005	108,155	111,399	114,741	118,184	121,729	125,381	129,142
Reserve Replacements		12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	16,127	16,611	17,109
Total Expenses		413,179	425,574	438,342	451,492	465,037	478,988	493,357	508,158	523,403	539,105	555,278	571,936	589,095
Net Operating Income		236,074	239,910	243,780	247,682	251,617	255,582	259,577	263,599	267,649	271,723	275,820	279,939	284,078
DSCR		1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	1.45
Debt														
First Trust Debt		195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425
		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt		195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425
Net Sale Proceeds		-	-	-	-	-	-	-	-	-	-	-	-	-
Reversion Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow		40,648	44,484	48,354	52,257	56,192	60,157	64,151	68,174	72,223	76,297	80,395	84,514	88,653
Total Cash Flow		40,648	44,484	48,354	52,257	56,192	60,157	64,151	68,174	72,223	76,297	80,395	84,514	88,653
Deferred Fee Balance	677,689	650,594	619,122	583,150	542,556	497,216	447,003	391,792	331,454	265,859	194,879	118,382	36,235	-
Residual Payment		0	0	0	0	0	0	0	0	0	0	0	0	44,326

Seminary Rd - Multifamily Rental
CF (Annual)
8/24/2020

Year	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Revenue														
Rental	942,108	965,660	989,802	1,014,547	1,039,910	1,065,908	1,092,556	1,119,870	1,147,867	1,176,563	1,205,977	1,236,127	1,267,030	1,298,706
Vacancy	47,105	48,283	49,490	50,727	51,996	53,295	54,628	55,993	57,393	58,828	60,299	61,806	63,351	64,935
Total Revenue	895,002	917,377	940,312	963,819	987,915	1,012,613	1,037,928	1,063,876	1,090,473	1,117,735	1,145,678	1,174,320	1,203,678	1,233,770
Expense														
Adminstration	112,747	116,129	119,613	123,202	126,898	130,705	134,626	138,665	142,825	147,109	151,523	156,068	160,750	165,573
Maintenance Expenses	57,538	59,264	61,042	62,873	64,759	66,702	68,703	70,764	72,887	75,074	77,326	79,646	82,035	84,496
Supplies & Services	63,396	65,297	67,256	69,274	71,352	73,493	75,698	77,969	80,308	82,717	85,198	87,754	90,387	93,098
Utilities	108,142	111,386	114,728	118,170	121,715	125,366	129,127	133,001	136,991	141,101	145,334	149,694	154,185	158,810
Taxes & Insurance	114,306	117,735	121,267	124,905	128,652	132,512	136,487	140,582	144,799	149,143	153,618	158,226	162,973	167,862
Payroll Expenses	133,017	137,007	141,117	145,351	149,711	154,203	158,829	163,594	168,501	173,556	178,763	184,126	189,650	195,339
Reserve Replacements	17,622	18,151	18,696	19,256	19,834	20,429	21,042	21,673	22,324	22,993	23,683	24,394	25,125	25,879
Total Expenses	606,767	624,970	643,720	663,031	682,922	703,410	724,512	746,247	768,635	791,694	815,445	839,908	865,105	891,058
Net Operating Income	288,235	292,407	296,592	300,788	304,993	309,203	313,416	317,629	321,838	326,041	330,234	334,412	338,573	342,712
DSCR	1.47	1.50	1.52	1.54	1.56	1.58	1.60	1.63	1.65	1.67	1.69	1.71	1.73	1.75
Debt														
First Trust Debt	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-							
Total Debt	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425
Net Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow	92,809	96,981	101,167	105,363	109,568	113,778	117,991	122,204	126,413	130,616	134,808	138,987	143,148	147,287
Total Cash Flow	92,809	96,981	101,167	105,363	109,568	113,778	117,991	122,204	126,413	130,616	134,808	138,987	143,148	147,287
Deferred Fee Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Payment	46,405	48,491	50,583	52,681	54,784	56,889	58,995	61,102	63,207	65,308	67,404	69,494	71,574	73,643

Seminary Rd - Multifamily Rental
CF (Annual)
8/24/2020

Year	28	29	30	31	32	33	34	35	36	37	38	39	40
Revenue													
Rental	1,331,173	1,364,453	1,398,564	1,433,528	1,469,366	1,506,100	1,543,753	1,582,347	1,621,905	1,662,453	1,704,014	1,746,615	1,790,280
Vacancy	66,559	68,223	69,928	71,676	73,468	75,305	77,188	79,117	81,095	83,123	85,201	87,331	89,514
Total Revenue	1,264,615	1,296,230	1,328,636	1,361,852	1,395,898	1,430,795	1,466,565	1,503,229	1,540,810	1,579,330	1,618,814	1,659,284	1,700,766
Expense													
Adminstration	170,540	175,656	180,926	186,354	191,944	197,703	203,634	209,743	216,035	222,516	229,191	236,067	243,149
Maintenance Expenses	87,031	89,642	92,331	95,101	97,954	100,893	103,920	107,038	110,249	113,556	116,963	120,472	124,086
Supplies & Services	95,891	98,768	101,731	104,783	107,927	111,164	114,499	117,934	121,472	125,117	128,870	132,736	136,718
Utilities	163,574	168,482	173,536	178,742	184,104	189,628	195,316	201,176	207,211	213,427	219,830	226,425	233,218
Taxes & Insurance	172,898	178,085	183,428	188,930	194,598	200,436	206,449	212,643	219,022	225,593	232,360	239,331	246,511
Payroll Expenses	201,200	207,235	213,453	219,856	226,452	233,245	240,243	247,450	254,874	262,520	270,395	278,507	286,862
Reserve Replacements	26,655	27,455	28,279	29,127	30,001	30,901	31,828	32,783	33,766	34,779	35,823	36,897	38,004
Total Expenses	917,790	945,324	973,684	1,002,894	1,032,981	1,063,970	1,095,889	1,128,766	1,162,629	1,197,508	1,233,433	1,270,436	1,308,549
Net Operating Income	346,825	350,906	354,952	358,958	362,917	366,825	370,676	374,463	378,181	381,822	385,380	388,848	392,217
DSCR	1.77	1.80	1.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt													
First Trust Debt	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	-	-	-	-	-
Net Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow	151,399	155,481	159,527	163,532	167,492	171,400	175,251	179,038	378,181	381,822	385,380	388,848	392,217
Total Cash Flow	151,399	155,481	159,527	163,532	167,492	171,400	175,251	179,038	378,181	381,822	385,380	388,848	392,217
Deferred Fee Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Residual Payment	75,700	77,740	79,763	81,766	83,746	85,700	87,625	89,519	189,091	190,911	192,690	194,424	196,108

Seminary Rd - Homeownership
Summary
8/24/2020

Sources			Uses	
Equity			**Development Costs**	
Tax Credit Equity		-	Acquisition	-
Sponsor Equity			Development Soft Costs	1,117,692
			Financing Costs	262,898
Debt			Construction Costs	4,447,164
First Trust Debt		-	Developer Fee	300,000
		-		
		-		
Gap Financing		1,874,713		
Deferred Developer Fee	0.0%	-		
Sale Proceeds		4,275,000		
Total Sources		**$ 6,149,713**	**Total Uses**	**$ 6,127,753**
			Surplus/(Deficit)	21,960.0
Permanent Debt		N/A		
Annual Debt Service		N/A	Total Cost / Unit	408,517
Terms (Years)		N/A	Hard Cost / Unit	296,478
Interest Rate		N/A	Soft Cost / Unit	112,039

Project Schedule	
Development Start	11/01/22
Completion	06/01/24
Construction Period (Months)	18
Lease-up Period (Months)	3
Construction Loan Paydown	09/30/24

Income & Operating Expenses		
		Yr 1 Stabilized
Revenue		
Potential Gross Income		
Less: Vacancy Allowance	5%	
Effective Gross Income		
Other Income		
Total Income		-
Operating Expenses		
Adminstration		
Maintenance Expenses		
Supplies & Services		
Utilities		
Taxes & Insurance		
Payroll Expenses		
Contingency		
Total Operating Expenses		-
Replacement Reserves		
Net Operating Income		-
DSCR		
OpEx per unit (excl RR)		**$ -**

Unit Type / Affordability Mix

	%	No. Units		%	No. Units
Efficiency	0%	0	30% AMI	0%	0
One Bed	0%	0	40% AMI	0%	0
Two Bed	40%	6	50% AMI	0%	0
Three Bed	40%	6	60% AMI	0%	0
Four Bed (1)	20%	3	80% AMI	100%	15
			100% AMI	0%	0
Total Units	**100%**	**15**	**Total**	**100%**	**15**

(1) Four BR units to be conveyed to SHA as consideration for land value of 4547 Seminary Rd

Seminary Rd - Homeownership
Sales Price Analysis
8/24/2020

Mortgage Costs				Other Monthly Costs			Total
Sale Price	Downpayment Assistance[1]	Mortgage Value	Monthly Mortgage Payment	Monthly Insurance[2]	Monthly Taxes[3]	Monthly HOA/Condo	Total Monthly Payment
$275,000	$27,500	$247,500	$1,043	$30	$259	$300	$1,632
$300,000	$30,000	$270,000	$1,138	$33	$283	$300	$1,753
$325,000	$32,500	$292,500	$1,233	$35	$306	$300	$1,874
$350,000	$35,000	$315,000	$1,328	$38	$330	$300	$1,996
$375,000	$37,500	$337,500	$1,423	$41	$353	$300	$2,117
$400,000	$40,000	$360,000	$1,518	$43	$377	$300	$2,238
$425,000	$40,000	$385,000	$1,623	$46	$400	$300	$2,369

Mortgage Int. Rate	3%
Insurance Rate	13%
Tax Rate	$1.13

2BR 80% AMI Payment (Monthly)[4]	**$2,268**
3BR 80% AMI Payment (Monthly)[4]	**$2,620**

1. Downpayment assistance set at 10% of downpayment, up to $40,000 to meet Alexandria assistance maximum at 80% AMI mathematical.
2. Insurance set as percentage of every hundred dollars in sales price, divided by 12 months.
3. $1.13 per $100 in sale price, divided by 12 months. Alexandria tax rate is $1.13 of assessed value, which could be higher than sales price.
4. 80% AMI monthly payments based on 2020 HUD rent limits

Housing Master Plan Progress Report

Period: FY20 Q1-Q4

City of Alexandria, Office of Housing

Updated: 08.10.20

	TYPE OF ACTIVITY	FY20 Q1-Q4 Impact (Jul 2019-Jun 2020)			Prior Reported Impact (Jan 2014-Jun 2019)	Total Impact (Jan 2014-Dec 2019)	Housing Master Plan (Jan 2014-Dec 2025)	
		Completed	Underway	Pipeline	Prior Completed	Total Completed	Target	Balance
	Rental Units Created or Preserved/Rehabilitated	**258**	**109**	**81**	**211**	**469**	**660**	**191**
Created	Jackson Crossing				78			
Created	The Nexus at West Alex (Gateway at King and Beauregard)	74						
Created	New Hope Veterans Home (Aspen Street)				3			
Created	The Bloom (Carpenter's Shelter)		97					
Created	Fairlington Presbyterian Church (Waypoint at Fairlington)			81				
Created	Ellsworth Apartments	20						
Created	Friends of Guest House - 120 South Payne	4						
Created	Parkstone (Avana) Apartments	130						
Preserved	Arbelo Apartments				34			
Preserved	Longview Terrace Apartments				41			
Preserved	Community Lodgings				7			
Preserved	Lynhaven Apartments				28			
Preserved	Lacy Court Apartments	24			20			
Preserved	Bellefonte Permanent Supervised Apartments		12					
Preserved	Friends of Guest House - 120 South Payne	6						
	Units Created through the Development Process	**15**	**22**	**135**	**102**	**117**	**336**	**219**
	Alexandria Memory Care Community (Silverado)				2			
	Goodwin House			6				
	Cambria Square (Pickett's Place/The Delaney)				4			
	Notch 8				12			
	Station 650 at Potomac Yard				8			
	The Bradley (Braddock Station/Braddock Metro Place)				10			
	Parc Meridian at Eisenhower Station				33			
	The Thornton (Hunting Terrace)				24			
	2901 Eisenhower Avenue	13		8				
	Oakville Triangle Site			65				
	Gables Old Town North (ABC/Giant site)				9			
	Braddock Gateway Phase II		4					
	Potomac Yard Landbay H/I			9				
	Sunrise Senior Living		2					
	The Foundry (Block 6A)*	2						
	Eisenhower East Block 20			15				
	1200 North Henry			11				
	Monday Properties			5				
	Silverstone Senior Living			7				
	Braddock Gateway Phase III		4					
	600 Royal Street (Bus Barn)		12					
	The Aspire Independent Living			9				
	Beauregard Committed Units	**0**	**113**	**0**	**198**	**198**	**494**	**296**
	St. James Plaza (Fillmore)				93			
	The Spire (Church of the Resurrection)		113					
	Southern Towers				105			
	Units Created or Preserved through Redevelopment Support to ARHA	**0**	**52**	**0**	**0**	**0**	**174**	**174**
	The Lineage (Ramsey Homes)		52					

** Project also includes three units affordable at 80% AMI.*

TYPE OF ACTIVITY	FY20 Q1-Q4 Impact (Jul 2019-Jun 2020)	Prior Reported Impact (Jan 2014-Jun 2019)	Total Impact (Jan 2014-Dec 2019)	Housing Master Plan (Jan 2014-Dec 2025)	
	Loans Closed/Grants Issued	Prior Closed/Issued	Total Closed/Issued	Target	Balance
Rental Accessibility Modification Projects [Grants]	**4**	**12**	**16**	**24**	**8**
Homebuyer Loans	**9**	**40**	**49**	**72**	**23**
Homeowner Rehab Loans/RTA Projects [Rebuilding Together Alexandria Grants]	**9**	**90**	**99**	**240**	**141**

HOUSING MASTER PLAN PROGRESS REPORT SUMMARY	FY20 Q1-Q4 Impact (Jul 2019-Jun 2020)	Prior Reported Impact (Jan 2014-Jun 2019)	Total Impact (Jan 2014-Dec 2019)	Housing Master Plan (Jan 2014-Dec 2025)	
	Created & Preserved (Completed) Units/Loans Closed/Grants Issued			Target	Balance
TOTAL	**295**	**653**	**948**	**2,000**	**1,052**

TYPE OF ACTIVITY	FY20 Q1-Q4 Impact (Jul 2019-Jun 2020)			Prior Reported Impact (Jan 2014-Jun 2019)	Total Impact (Jan 2014-Dec 2019)
	Completed	Underway	Pipeline	Prior Completed	Total Completed
Workforce Affordable Units (70-80% AMI) Created through the Development Process	**117**	**0**	**10**	**0**	**117**
The Foundry (Block 6A) (also see above)	3				
Park Center			10		
Parkstone (Avana) Apartments	114				